

Fiona Place
Regulatory Assurance Manager
Endeavour Energy
Level 40–42, 8 Parramatta Square
Parramatta NSW 2150

29 April 2024

Dear Fiona,

Re: Compliance assessment of Endeavour Energy’s ring-fencing provision for CY2023

I am pleased to provide our independent compliance assessment of Endeavour Energy’s ring-fencing provisions for the period 1 January 2023 to 31 December 2023.

Requirement for an independent compliance assessment

In accordance with clause 6.2.1 (c) of the Australian Energy Regulator’s (AERs) Ring-fencing Guideline¹, Endeavour Energy must submit their annual compliance report with an assessment of compliance with each provision of the Guideline by a suitably qualified independent authority.

CutlerMerz was engaged by Endeavour Energy to conduct the independent compliance assessment. The compliance assessment is intended to provide reasonable assurance that Endeavour Energy has complied with the AER’s Ring-fencing Guideline, in the course of providing distribution services over the period from the 1 January to 31 December 2023.

Independence

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Limitations of use

This report has been prepared for Endeavour Energy to provide independent assurance of the breaches identified in Endeavour Energy’s annual ring-fencing compliance report and the broad compliance obligations of the AER’s Ring-fencing Guideline. This report is to be publicly released on the AER’s website.

Inherent limitations

Reasonable assurance requires the assessor to reduce engagement risk to an acceptably low level in the engagement circumstances as the basis for the assurance practitioner’s conclusion. The assurance practitioner’s conclusion is expressed in a form that conveys the assurance practitioner’s opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.

¹ <https://www.aer.gov.au/system/files/AER%20-%20Ring-fencing%20Guideline%20Version%203%20-%2028electricity%20distribution%29%20-%20203%20November%202021.pdf>

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, readers of our report should not rely on the report to identify all potential instances of non-compliance that may occur.

I confirm my approval of the content of the report, and that it is an accurate presentation of the compliance assessment findings and CutlerMerz' opinions.

Sincerely,



Ryan Dudley
Principal

INDEPENDENT COMPLIANCE ASSESSMENT
RING-FENCING ANNUAL COMPLIANCE REPORT
APRIL 2024



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2-0	18 / 04 / 2024	Revised draft report	M. Hooper	R. Dudley	T. Edwards
3-0	26 / 04 / 2024	Final draft report	M. Hooper, R. Dudley	R. Dudley	T. Edwards
4-0	29 / 04 / 2024	Final report	R. Dudley	T. Edwards	T. Edwards

Contents

1	Introduction	3
1.1	Assurance engagement	3
1.2	Compliance assessment objective.....	3
2	Compliance assessment details	4
2.1	Assessment period.....	4
2.2	Compliance assessment approach.....	4
2.3	Assessment standard.....	5
2.4	Assessment team.....	5
2.5	Endeavour Energy key staff and documentation	5
3	Recommendations from previous assessment	7
4	Breaches and opportunities for improvement	9
4.1	Identified by Endeavour Energy during the assessment period	9
4.2	Other opportunities for improvement identified during the compliance assessment	12
5	Detailed findings	13
5.1	Legal Separation	13
5.2	Establish and Maintain Accounts.....	16
5.3	Obligation not to discriminate	20
5.4	Physical separation	24
5.5	Staff sharing.....	27
5.6	Branding	33
5.7	Office and Staff Sharing Registers.....	34
5.8	Information access and disclosure.....	35
5.9	Information register	42
5.10	Service providers	43
5.11	Waivers register	46
5.12	Annual Reporting	47
5.13	Stand Alone Power Systems	51
5.14	Compliance.....	52
Appendix A. Information provided		54

Executive Summary

The Australian Energy Regulator requires reporting and compliance obligations as per its Ring-fencing Guideline, published in November 2021.

The objective of the requirements listed in the AER's Ring-fencing Guideline is to:

- Promote the National Electricity Objective by providing for the accounting and functional separation of the provision of direct control services by DNSPs from the provision of other services by them, or by their affiliated entities.
- Promote competition in the provision of electricity services.

In order to satisfy the requirements of the guideline, Endeavour Energy is required to meet the ring-fencing obligations which are intended to address:

- Cross-subsidisation, with provisions that aim to prevent a DNSP from providing other services that could be cross-subsidised by its distribution services; and
- Discrimination, with provisions that aim to:
 - Prevent a DNSP conferring a competitive advantage on its related electricity service providers that provide contestable electricity services; and
 - Ensure a DNSP handles ring-fenced information appropriately.

CutlerMerz have undertaken a reasonable assurance audit of Endeavour Energy's compliance with its ring-fencing obligations, in support of Endeavour Energy's annual ring-fencing compliance report. This report represents the findings and conclusions in relation to the ring-fencing audit, reflecting Endeavour Energy's obligations as the network operator of its distribution network.

Summary of the actions taken by the licensee in response to the recommendations in the previous audit report

The previous performance compliance assessment of Endeavour Energy's ring-fencing compliance obligations for the period 1 January to 31 December 2022 resulted in the assessor making three observations for Endeavour Energy to improve its controls to ensure compliance with the AER's ring-fencing obligations. Endeavour Energy has taken positive steps to address instances of non-compliances and improvements to existing controls.

The observations to improve the management controls were as follows, including the observations from the CY2021 audit that were still "in progress" during the CY2022 audit:

- *2022-1: Staff sharing:* Engage with the AER to seek clarification on the definition of marketing and the application of that definition to this role (Complete)
- *2022-2: Protection of ring-fenced information: Information systems:* Further defining information systems (SAP) roles and network folders that contain electricity information and establish monitoring controls to review the access of those roles and at shared office locations on a regular basis (Complete)
- *2022-3: Conduct of service providers: Information systems:* GAM1100 and GRG013 were reviewed and updated during 2022. Additionally, GMM001, GMM003 and 14.1 were reviewed and updated to refer to the AER's latest November 2021 Ring-fencing Guideline (Complete)
- *2021-2: Cost allocation:* Update the cost allocation methodology (CAM) to reflect latest information systems (In progress)
- *2021-4: Physical separation / co-location:* Endeavour Energy continued to monitor the Glendenning shared office arrangements for appropriateness (Complete). Endeavour Energy determined to maintain audits of

site layouts on an as-needs basis where changes are made to site layouts rather than implement an annual audit as recommended. We consider this appropriate (Complete). Endeavour Energy formally document the results of site inspections performed by the Regulatory Assurance team (Complete).

More detail on the recommendations from the previous audit and Endeavour Energy’s response can be found under Recommendations from Previous Audits.

Our opinion on Endeavour Energy’s control environment

In assessing Endeavour Energy’s control environment, procedures and processes, and compliance attitude, we observed that Endeavour Energy has:

- A strong compliance culture throughout the organisation, with staff employment contracts containing ring-fencing compliance obligations and eagerness to demonstrate how compliance has been achieved.
- A compliance system that captures key details of all ring-fencing obligations, including assigned obligation owners and contacts throughout the business.
- Strong internal compliance monitoring and reporting processes that enable Endeavour Energy to proactively identify and self-report non-compliances in a timely manner.
- Visible compliance support roles assigned to staff throughout the business, particularly to assist operational teams in monitoring and improving their compliance performance, with regular meetings to identify compliance issues.
- Technological process enhancements to assist in improving compliance through use of automated systems that provide alerts for compliance requirements and validating information.

A strong working relationship between Regulatory Assurance staff and other business units within the Endeavour Energy Group to identify risks and improvement opportunities through regular contact to identify current and emerging issues.

Summary of findings, recommendations, and overall assessment of compliance with the AER Ring-fencing Guideline

It is CutlerMerz’ opinion that Endeavour Energy has complied with the AER’s ring-fencing compliance obligations over the assessment period apart from self-disclosed breaches relating to cross-promotions and requirements to protect ring-fenced information which are discussed below.

Endeavour Energy has demonstrated a strong commitment to improving its controls to combat non-compliance, particularly concerning physically separating office locations from related entities. Endeavour Energy has also invested in IT access controls and compliance software which introduces more automation of tasks, improved monitoring of compliance performance, and an auditable trail to investigate any shortcomings of compliance processes.

In 2023, Endeavour Energy recorded six breaches of the Ring-fencing Guideline; three beaches relating to the incorrect use of promotional materials for marketing and three breaches relating to the potential disclosure of ring-fenced information following a number of failings within IT processes. Endeavour Energy has taken action to uplift controls to address these breaches.

1 Introduction

In accordance with clause 6.2.1 (c) of the Australian Energy Regulator's (AERs) Ring-fencing Guideline², Endeavour Energy must submit their annual compliance report with an assessment of compliance with each provision of the Guideline by a suitably qualified independent authority.

CutlerMerz has been engaged by Endeavour Energy to conduct the independent compliance assessment. The compliance assessment is intended to provide reasonable assurance that Endeavour Energy has complied with the AER's Ring-fencing Guideline, while providing distribution services over the period from the 1 January to 31 December 2023.

This report presents the findings and conclusions of the ring-fencing compliance assessment and will be provided to the AER by Endeavour Energy.

1.1 Assurance engagement

We have conducted this assessment in alignment with the Australian Standard on Assurance Engagements (ASAE 3100), which sets out the guidelines for conducting compliance assessments.

We have applied a level of scrutiny that corresponds to a 'reasonable assurance engagement'. A reasonable assurance engagement is:

An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.

1.2 Compliance assessment objective

The objective of the compliance assessment is to provide an assessment of compliance with each provision of the Guideline (except clauses 6.2.2 and 6.3).

This will involve an assessment of the effectiveness of the measures implemented by Endeavour Energy to meet the obligations specified in the AER's Ring-fencing Guideline. This is achieved through a comprehensive evaluation and testing of key areas such as the control environment, information system, control procedures, compliance attitude, and outcome compliance. The audit identifies any areas of non-compliance and provides recommendations for improvement.

² <https://www.aer.gov.au/system/files/AER%20-%20Ring-fencing%20Guideline%20Version%203%20-%20%28electricity%20distribution%29%20%20-%203%20November%202021.pdf>

2 Compliance assessment details

2.1 Assessment period

The period covered under this audit is from 1 January 2023 to 31 December 2023 (inclusive).

2.2 Compliance assessment approach

To achieve the assessment objective, evaluation and testing of the following key areas is required:

- i. Control Environment:
 - Evaluate Endeavour Energy's management philosophy and operating style.
 - Assess the organisational structure and the assignment of authority and responsibilities.
 - Review the utilisation of internal audit functions and their effectiveness.
 - Evaluate the use of information technology and its alignment with compliance requirements.
 - Assess the skills and experience of the relevant staff members responsible for compliance.
- ii. Information System:
 - Assess the suitability of Endeavour Energy's information systems in recording the necessary information to ensure compliance with the ring-fencing guideline.
 - Evaluate the accuracy, reliability, and integrity of the data captured in these systems.
 - Assess the security measures in place to protect sensitive data.
 - Review the documentation that describes the information system to ensure its adequacy and comprehensiveness.
- iii. Control Procedures:
 - Evaluate the presence and effectiveness of systems and procedures designed to monitor compliance with the licenses.
 - Assess the ability of these control procedures to detect or prevent instances of non-compliance or under-performance.
 - Review any corrective measures implemented by Endeavour Energy in response to previous audit recommendations.
- iv. Compliance Attitude:
 - Assess Endeavour Energy's actions taken in response to previous audit recommendations.
 - Evaluate the organisation's overall attitude and commitment towards compliance with regulatory requirements including a review of any compliance-related training programs or initiatives.
- v. Outcome Compliance:
 - Evaluate Endeavour Energy's actual performance against the standards prescribed in the ring-fencing guideline throughout the audit period.
 - Assess the extent to which the organisation has met compliance targets.
 - Identify any areas of non-compliance and analyse their causes.

2.3 Assessment standard

An assessment plan was developed based on the requirements in the ASAE 3000 / 3100, and our experience conducting reviews and audits of the systems and procedures of electricity network businesses.

2.4 Assessment team

The audit team is outlined in Table 1.

Table 1: Audit team

Name	Role	Responsibility
Ryan Dudley	Lead Assessor	<ul style="list-style-type: none"> Overall quality of the audit and timely delivery against the agreed milestones Involved in all communications with Endeavour Energy Perform the field work for the assessment Ensure that the assessment report has been reviewed and checked for accuracy and quality assurance purposes Communicate significant issues arising from the assessment to Endeavour Energy Be present at the audit opening, issues and closing meetings Ensure that the evidence in the assessment report supports all conclusions
Max Hooper	Assessor	<ul style="list-style-type: none"> Communicate all issues with the Lead Assessor Be present at the audit meetings as required Gather the evidence in the audit report that supports all conclusions
Alex Myers	Assessor	<ul style="list-style-type: none"> Communicate all issues with the Lead Assessor Be present at the audit meetings as required Gather the evidence in the audit report that supports all conclusions
Tim Edwards	Peer reviewer	<ul style="list-style-type: none"> Objectively evaluate the judgements and conclusions of the lead assessor

2.5 Endeavour Energy key staff and documentation

To gain insights into Endeavour Energy’s compliance practices and assess the effectiveness of their control environment, a series of interviews were conducted with key staff. Individuals from the teams below were interviewed as part of the audit:

- Regulatory Assurance;
- Commercial Finance;
- Property;
- Supply Chain;
- Legal Counsel;
- Corporate Communications;
- People & Culture;
- Digital & Insights;
- Future Energy Strategy;
- Technology; and

- Ausconnex.

These interviews provided valuable information regarding the implementation of compliance measures, the understanding of regulatory requirements, and the overall compliance culture within Endeavour Energy.

In addition to interviews, the audit team examined various documentation during the audit process. A list of the documentation examined is provided in Appendix A.

3 Recommendations from previous assessment

As part of the assessment process, a review was conducted to assess the recommendations from the previous assessments and the subsequent actions taken by Endeavour Energy to address them. The previous assessment resulted in a number of recommendations from the independent assessor. Endeavour Energy has addressed some of the recommendations and completed the associated action plans within the assessment period with one recommendation left unresolved from the audit period.

The recommendations from the previous assessment are shown in Table 2 and

Table 2: Previous assessment recommendations - Resolved

A. Resolved during current assessment period				
Recommendation reference	Breach / Controls improvement	Assessor's recommendation	Date resolved	Further action required Details of further action required
2022-1	<p>Obligation 4.2.2(a) - Staff Sharing</p> <p>During the course of the audit, it came to the auditor's attention that a new role of Corporate Communications Manager - Growth had been established in January 2022. This role is responsible for supporting growth strategy and future growth opportunities within the Customer and Strategy Division, which includes both Endeavour Energy and Ausconnex.</p> <p>Endeavour Energy has not reported this role on the staff sharing register as it has classified the role as an engagement role and a corporate service falling under Clause 4.2.2(b)(i)(c) of the Guideline. The staff relocates to Ausconnex head offices one day a fortnight and maintains separate email accounts for Endeavour Energy and Ausconnex. The staff's salary is cost allocated to the Ausconnex business based on the one day a fortnight time allocation.</p> <p>We consider the distinction between a corporate communications role being a marketing or general administrative role to be judgmental in nature.</p> <p>Endeavour Energy has identified and disclosed in its Annual Compliance Report an area of clarification</p>	<p>We recommend that Endeavour Energy engage with the AER to seek clarification on the definition of marketing and the application of that definition to this role.</p>	2023	<p>During the prior audit period Endeavour Energy had declared the Corporate Communications Manager – Growth role on the shared staff register that is privy to electricity information, as defined in the AER's ringfencing guideline. Following correspondence on this matter, the AER communicated to Endeavour that it should take steps to satisfy itself of its compliance with the Guideline.</p> <p>Endeavour Energy did so, and determined that the shared role was not in breach of the AER's ringfencing guidelines as the role does not meet the definition of marketing and does not result in sharing of ringfenced information, or discriminating in favour of a related entity, given that the shared staff is not involved in participating in tenders in their role with Ausconnex.</p> <p>We have also reviewed the list of tasks and performance goals of the Corporate Communications Manager – Growth role over the audit period. We are satisfied that the role of the shared</p>

A. Resolved during current assessment period				
Recommendation reference	Breach / Controls improvement	Assessor's recommendation	Date resolved	Further action required Details of further action required
	required on the definition of marketing as it relates to corporate communications roles and social media in general.			corporate communications resource does not breach of the ringfencing guideline under clauses 4.2.2 and 4.3.3.
2022-2	<p>Obligation 4.3.1 - Protection of ringfenced information</p> <p>During testing, the auditor observed that access to electricity information for employees is controlled via access change management controls (i.e., by raising a ticket in Endeavour Energy's ticketing system and obtaining business line manager approval) on an individual employee basis. There is no system-restricted segregation of duty enforced in the SAP system applicable to Ring-fencing for Endeavour Energy employees.</p>	<p>Endeavour Energy consider further defining SAP roles and network folders that contain electricity information and establish monitoring controls to review the access of those Endeavour Energy staff in shared roles and at shared office locations against this list of SAP roles and network folders on a regular basis.</p>	2023	Review of Endeavour Energy's ICT controls and procedures indicates that these changes have been actioned.

Table 3 Previous assessment recommendations – Un-resolved

A. Un-Resolved during current assessment period				
Recommendation reference	Breach / Controls improvement	Assessor's recommendation	Date resolved	Further action required Details of further action required
2022-3	<p>Obligation 4.4.1(a) – Conduct of service providers</p> <p>Endeavour Energy's standard terms and conditions have not been updated in the current period to reflect the change to complying with version 3 of the Ring-fencing Guideline published by the AER on 3 November 2021.</p>	<p>The Auditor recommended that management update its standard terms and conditions to reflect the latest Ring-fencing Guideline that Endeavour Energy is required to comply with.</p>	N/A	<p>Management has started updating the standard terms and conditions to comply with the latest Ring-fencing Guideline. After approval by the internal Legal team, the revised terms will be finalised and released.</p>

4 Breaches and opportunities for improvement

4.1 Identified by Endeavour Energy during the assessment period

A summary of breaches and opportunities for improvement that were identified by Endeavour Energy during the assessment period are presented in Table 4 below.

Table 4: Breaches and opportunities for improvement identified by Endeavour Energy during the assessment period

Breaches		
Ring-fencing guideline clause	Breach / Controls improvement	Date resolved & Action taken by the licensee
4.2.3	<p>Obligation to have separate branding and avoid cross-promotion between Endeavour Energy and related parties</p> <p>Endeavour Energy employee posted on a social media platform mentioning both Endeavour Energy and Ausconnex in the same post with an accompanying photograph with both brands identified.</p> <p>Breach identified on the 9 March 2023. Breach reported to the AER on 30 March 2023.</p>	<p>LinkedIn is a personal social media account and not affiliated with Endeavour Energy or Ausconnex and not used to advertise or promote direct control services or contestable electricity services but rather an individual's career experience.</p> <p>The employee was requested to remove the post immediately. Confirmation was received that this was carried out on 7 February 2023.</p> <p>The breach was notified internally to the Regulatory Compliance team on 9th March 2023.</p> <p>A Ring-fencing Alert will be communicated to all Endeavour Energy and Ausconnex employees reminding employees of the obligations under clause 4.2.3 of the Guideline.</p> <p>Breach ended on the 7 February 2023.</p>
4.3.1	<p>Obligation to protect ring-fenced information</p> <p>As a result of an employee being transferred from Endeavour Energy to its related electricity service provider (RESP), Ausconnex, an email notification was sent by the Human Resources application to the ICT Ticketing System. The responsible ICT team adhered to the RESP Knowledge Base Article to ensure appropriate access was revoked and ring-fenced, however, the request was actioned earlier than the date of the intended transfer which limited the employee from accessing information in their Endeavour Energy role.</p> <p>A request was made by the employee to reverse the process until the date the transfer was to occur. This was actioned by the ICT team.</p> <p>The employee transferred to Ausconnex on 27 June as originally intended, however, ICT did not reapply the ring-fenced access requirements and it was not re-submitted as a request by the employee.</p> <p>The user access review (UAR) undertaken monthly by ICT was run in July, but the employee did not appear as an Ausconnex user as the ring-fenced access had not been reapplied. In early August ICT ran a change to update Endeavour Energy's Identity Management platform to automate some Ausconnex ring-fencing activities. In this change, the employee transfer was</p>	<p>Endeavour Energy has implemented the following controls:</p> <p>When an employee is recruited into the RESP from Endeavour Energy, an email notification is sent by the Human Resources application to the ICT Ticketing System. The responsible ICT team must adhere to the RESP Knowledge Base Article to ensure appropriate access is to be granted to the user. This process is recommunicated to HR and ICT.</p> <p>Due to ICT system limitations, the Endeavour Energy email account of RESP employees is unable to be deactivated. For employee transfers from Endeavour Energy to Ausconnex an archive of emails is carried out by ICT removing previous emails to ensure RESP employees cannot access archived information from their Endeavour Energy email.</p> <p>As part of the ICT Monthly Security Calendar activities, a RESP employee access report is extracted and compared against a RESP termination report from HR each month to confirm correct user access. This process is a manual process and is carried out monthly.</p> <p>Formal communication is issued to all RESP employees to remind them of their ICT restrictions and obligations.</p> <p>Further to these controls, the ICT employees have been reminded that any exposure is to be reported to management or the Regulatory Assurance team to report as a ring-fencing breach. A Ring-fencing Alert will be communicated to all Endeavour Energy and Ausconnex employees reminding employees of the obligations under clause 4.3.1 of the Guideline.</p> <p>In interviews, ICT staff indicated that a process is being undertaken to provide separate laptop devices to Endeavour Energy and Ausconnex shared staff.</p>

Breaches		
Ring-fencing guideline clause	Breach / Controls improvement	Date resolved & Action taken by the licensee
	<p>detected and ring-fenced correctly. The identified exposure window is 27 June – 8 August 2022. ICT did not report this finding to the Regulatory Assurance team; therefore, this exposure was unknown until the audit testing was conducted by the independent assessor.</p> <p>Due to ICT system limitations, access provisioning is a manual process.</p> <p>ICT have confirmed there is no audit trail that can be demonstrated to show that the employees did or did not access emails or folders during the exposure period.</p> <p>Breach identified on the 28 March 2023. Breach reported to the AER on 17 April 2023.</p>	<p>Separate laptops would reduce the risk of latent transfer of staff profiles for staff transitioning employment between Endeavour Energy and Ausconnex.</p> <p>Breach ended on the 8 August 2022.</p>
4.2.3	<p>Obligation to have separate branding and avoid cross-promotion between Endeavour Energy and related parties</p> <p>An underground crew attended an Ausconnex worksite with an Endeavour Energy branded truck. The work crew were asked to remove Endeavour Energy branding and replace with Ausconnex branding or blank magnet to comply with ring-fencing requirements.</p> <p>Breach identified on the 5 April 2023. Breach reported to the AER on 26 April 2023.</p>	<p>The breach was identified on site by the Senior Site Engineer who reported it to the Ausconnex Health, Safety Environment & Quality Manager who in turn reported it to Endeavour Energy’s Ring-fencing team.</p> <p>Immediate action was taken to rectify the breach and install blank white magnets over the Endeavour Energy branding.</p> <p>The Operations Manager responsible for the deployment of the truck to the worksite has been notified and requested to ensure that a review of all PPE, vehicles and equipment be undertaken prior to departure from the Field Service Centre to ensure compliance with the Ring-fencing Guideline.</p> <p>The General Manager of Ausconnex has been notified and requested to ensure site inductions continue to include a review of all branding (PPE, uniforms and vehicles) in a staging area that is not publicly visible to ensure compliance with the Ring-fencing Guideline prior to crews and vehicles entering the worksite. All breaches will continue to be reported to Endeavour Energy’s Ring-fencing team for investigation.</p> <p>To support awareness of cross-promotion, a Ring-fencing Alert will be issued to all staff regarding the breach.</p> <p>Breach ended on the 4 April 2023.</p>
4.3.1	<p>Obligation to protect ring-fenced information</p> <p>An Ausconnex employee was successful in their application for a role within Endeavour Energy and was due to commence in the role from 20 May.</p> <p>It was identified that the employee had retained access to Ausconnex systems, email and computer until 22 May when access was terminated by the Ausconnex team.</p> <p>Breach identified on the 22 May 2023. Breach reported to the AER on 9 June 2023.</p>	<p>When an employee is recruited into the RESP from Endeavour Energy, an email notification is sent by the SuccessFactors application to the ICT Ticketing System. The responsible ICT team must adhere to the RESP Knowledge Base Article to ensure appropriate access is to be granted to the user. This process has been recomunicated to People & Culture and ICT.</p> <p>The People & Culture team have been advised of this breach and will ensure communication regarding internal transfers between Endeavour Energy and Ausconnex includes the Ausconnex Operations Manager so that IT access can be removed for staff transitioning out of that business.</p> <p>Endeavour Energy has an improvement currently underway by ICT staff to provide separate laptop devices to Endeavour Energy and Ausconnex shared staff. Separate laptops would reduce the risk of latent transfer of staff profiles</p>

Breaches		
Ring-fencing guideline clause	Breach / Controls improvement	Date resolved & Action taken by the licensee
		<p>for staff transitioning employment between Endeavour Energy and Ausconnex.</p> <p>A Ring-fencing Alert will be communicated to all Endeavour Energy and Ausconnex employees reminding employees of the obligations under clause 4.3.1 of the Guideline.</p> <p>Breach ended on the 22 May 2023.</p>
4.3.1	<p>Obligation to protect ring-fenced information</p> <p>Endeavour Energy's SAP Release 3 (R3) went live on 5 October 2021. As part of SAP R3, the Security Team erroneously updated the work centre for Ausconnex Roles to * (instead of AU*), with the effect of provisioning read only access to 4 Ausconnex users to view Goods and Service orders in SAP.</p> <p>Breach identified on the 15 September 2023. Breach reported to the AER on 9 October 2023.</p>	<p>The Endeavour Energy Applications Team rectified the error at the organisation level for all Ausconnex derived roles in the SAP Production environment on 1 August 2023. SAP controls, including exception reporting, have also been implemented to mitigate the risk of this arising in future.</p> <p>Following rectification of the error, Endeavour Energy undertook further inquiries into the potential access to data to better understand the nature of the data comprising Goods and Services orders, and concluded on 15 September 2023 that there was a risk that it could be construed as ring-fenced information (as defined in the Ring-fencing Guidelines).</p> <p>Endeavour Energy has an improvement currently underway by ICT staff to provide separate laptop devices to Endeavour Energy and Ausconnex shared staff. Separate laptops would reduce the risk of latent transfer of staff profiles for staff transitioning employment between Endeavour Energy and Ausconnex.</p> <p>To reinforce awareness of the Guideline, a Ring-fencing Alert will be communicated to all Endeavour Energy and Ausconnex employees reminding employees of the obligations under clause 4.3.1 of the Guideline.</p> <p>Breach ended on the 1 August 2023.</p>
4.2.3	<p>Obligation to have separate branding and avoid cross-promotion between Endeavour Energy and related parties</p> <p>A client engaged Ausconnex to install a section of neutral busbar. The client requested that Ausconnex perform busbar measurement work during a scheduled transformer outage on 14-Oct-23, with a plan to return in November to install the rectified busbar.</p> <p>Ausconnex arranged for an Endeavour Energy shared resource to undertake the measurement work on site. The shared resource attended the site in full Ausconnex PPE and Ausconnex branded vehicle.</p> <p>On 18-Oct-23, the shared resource sent an email from their Endeavour Energy account to the Ausconnex Project Manager, providing a summary of his findings from the site visit. The shared resource also copied the client on his email.</p> <p>The incident was identified by the shared resource's manager, who had also been copied on the email sent on 18 October 2023.</p>	<p>The Endeavour Energy Regulatory Assurance team have confirmed that this shared resource has completed mandatory Ring-fencing Training.</p> <p>Communication will be sent to the shared resource, his team, manager and Ausconnex Project Managers to reiterate the method of communication between Endeavour Energy and Ausconnex on Ausconnex projects.</p> <p>To continue to build awareness of the Guideline, a Ring-fencing Alert will be communicated to all Endeavour Energy and Ausconnex employees reminding employees of the obligations under clause 4.2.3 of the Guideline.</p> <p>There is an opportunity for Endeavour Energy to consider implementing automated rules within the email system that would flag communication from an Endeavour Energy email account to an Ausconnex email account that would notify the sender prior to the email being sent. This would serve to strengthen the existing administrative controls associated with training and education.</p> <p>Breach ended on the 18 October 2023.</p>

Breaches		
Ring-fencing guideline clause	Breach / Controls improvement	Date resolved & Action taken by the licensee
	Breach identified on the 23 October 2023. Breach reported to the AER on 10 November 2023.	

4.2 Further opportunities for improvement identified during the compliance assessment

A summary of breaches and our opportunities for improvement determined in the assessment are presented in the tables below.

Table 5: Opportunities for Improvement

Reference	Compliance requirement	Details of requirement	Issue	Opportunity for Improvement
2023-1	4.2.3	Breach of cross-promotions and marketing of Endeavour Energy and Ausconnex services, using separate methods of communications and branding.	Following an identified breach related to an Endeavour Energy employee sending an email to Ausconnex and copying in Ausconnex’s customer, Endeavour Energy undertook to continue building awareness of the ring-fencing requirements.	There is an opportunity for Endeavour Energy to consider implementing automated rules within the email system that would flag communication from an Endeavour Energy email account to an Ausconnex email account, or that mentions the word “Ausconnex”. This would notify the sender of the need to check compliance with ring-fencing requirements has been maintained prior to the email being sent. This would serve to strengthen the existing administrative controls associated with training and education.

5 Detailed findings

It is CutlerMerz’ opinion that Endeavour Energy has complied with the AER’s ring-fencing compliance obligations over the assessment period apart from self-disclosed breaches, as per Table 4, relating to cross-promotion and requirements to protect ring-fenced information which are discussed below.

Endeavour Energy has demonstrated a strong commitment to improving its controls to combat non-compliance, particularly concerning physically separating office locations from related entities. Endeavour Energy has also invested in IT access controls and compliance software which introduces more automation of tasks, improved monitoring of compliance performance, and an auditable trail to investigate any shortcomings of compliance processes.

Table 6 below presents our detailed findings, evidence, audit interviews procedures used, assessment of controls and compliance, and recommendations by obligation.

5.1 Legal Separation

Table 6: Detailed Findings

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor’s observations
Legal Separation			
3.1(a) A Distribution Network Service Provider (DNSP) must be a legal entity.	<ul style="list-style-type: none"> Endeavour Energy and Ausconnex have separate Australian Business Numbers (ABNs) (RF.3.001). A clearly defined Legal Entity structure for the Endeavour Energy Group has been established (RF.3.002). 	<ul style="list-style-type: none"> Searched Australian Business Numbers (ABN) to identify legal entities associated with Endeavour Energy Partnerships. Reviewed Endeavour Energy’s corporate structure. Inspected financial statements, corporate structure and title case e.g. Business Support Agreement that separately identify Endeavour Energy and Ausconnex as separate legal entities. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The Endeavour Energy group consists of partnerships that form separate legal entities. Endeavour Energy is a legal entity contained within the Network Operator Partnership (NOP), and Ausconnex is a separate legal entity that exists within the Network Unregulated Partnership (NUP). An ABN search using the Australian Government’s Australian Business Register ABN lookup identified separate ABNs for Endeavour Energy (ABN 11 247 365 823) and Ausconnex (ABN 39 232 846 628). Inspection of the Endeavour Group’s combined financial statements show separate reporting of

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Legal Separation			
			<p>financial performance for Endeavour Energy and Ausconnex. This is also supported by a business support agreement between Endeavour Energy and Ausconnex, that separately recognises both entities.</p> <ul style="list-style-type: none"> Endeavour Energy legal staff provided a walk-through of Endeavour Energy's legal structure using internal company structure documents that visualised the structure as diagrams in the presentation.
<p>3.1(b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services.</p>	<ul style="list-style-type: none"> Endeavour Energy's Distribution Licence under the Electricity Supply Act 1995 (NSW) is current (RF.3.003) Endeavour Energy's corporate website directs customers to find an Accredited Service Provider (ASP) for Contestable Works (RF.0.002) Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in a Business Support Agreement signed by both parties (RF.0.003) Documentation of activities in the annually published distribution annual planning report. 	<ul style="list-style-type: none"> Inspected distribution licence to identify range of services offered. Reviewed Endeavour Energy's ring-fencing compliance report to identify the range of services offered by Endeavour Energy and its related entities over calendar year 2023. Inspected Endeavour Energy's distribution annual planning report. Inspected Endeavour Energys' group financial statements to assess sources of income across regulated and unregulated business units. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Inspection of Endeavour Energy's licence obligations require Endeavour to only operate a distribution system, precluding provision of other services. Endeavour Energy's 2023 distribution annual planning report details the services provided that fall within the scope of the distribution licence conditions. Examination of Endeavour Energy's website demonstrates that some services deemed to be contestable. These services are open to competitive tender and can be provided by an un-affiliated accredited service provider (ASP) not related to Endeavour Energy, or by Ausconnex which is affiliated with Endeavour Energy but operates separately and at arms-length in providing contestable services. A list of Accredited Service Providers is maintained by the NSW Climate and

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Legal Separation			
			Energy Action. A link to this list, along with its related information is available on Endeavour Energy's corporate website for customers.
3.1(d)vii. Supplying other services as a SAPS Resource Provider, provided that the revenue the DNSP receives as a SAPS Resource Provider in a regulatory year does not exceed the generation revenue cap	<ul style="list-style-type: none"> All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually (RF.3.006). Endeavour Energy keeps a register that identifies each Regulated Stand-alone Power System and updates the register on a quarterly basis. The register is published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July, and 15 October each year (RF.6.008). 	<ul style="list-style-type: none"> Inspected Endeavour Energy's stand-alone power system register and website. Reviewed Endeavour Energy's consolidated 2023 financial report. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> No regulated SAPS projects are listed in the SAPS register. A review of Endeavour Energy's joint financial statements do not indicate that any revenue has been generated by SAPS projects.
3.1(d)viii. Supplying other services as a SAPS Resource Provider, using a particular regulated stand-alone power system, where: <ol style="list-style-type: none"> the DNSP was previously permitted to do so under clause 3.1(d)vii. of this Guideline; but a change in the DNSP's annual revenue requirement, and / or in the revenue the DNSP receives as a SAPS Resource Provider for using one or more regulated stand-alone power systems, and / or in the number of regulated stand-alone power 	<ul style="list-style-type: none"> All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually (RF.3.006). Endeavour Energy keeps a register that identifies each Regulated Stand-alone Power System and updates the register on a quarterly basis. The register is published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.6.008). 	<ul style="list-style-type: none"> Inspected Endeavour Energy's stand-alone power system register and website. Reviewed Endeavour Energy's consolidated 2023 financial report. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> No regulated SAPS projects are listed in the SAPS register.

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Legal Separation			
systems used by the DNSP to supply other services as a SAPS Resource Provider, means that the DNSP is no longer permitted to do so under clause 3.1(d)vii. of this Guideline; as long as the DNSP complies with clause 3.2 in relation to those arrangements.			

5.2 Establish and Maintain Accounts

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Establish and Maintain Accounts			
<p>3.2.1(a) A DNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.</p> <p>[Note: The AER may include a requirement in a regulatory information instrument for a DNSP to:</p> <p>i. provide its internal accounting procedures to the AER; and / or</p>	<ul style="list-style-type: none"> Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in a Business Support Agreement signed by both parties (RF.0.003) An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004) Separate Financial and Accounting records are maintained for Endeavour Energy and Ausconnex. (RF.3.004) Annual Regulatory Information Notices and Financial Statements are audited by an external third party annually. (RF.3.005) All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation 	<ul style="list-style-type: none"> Reviewed the business support agreement between Endeavour Energy and Ausconnex for the range of services offered. Reviewed Endeavour Energy's accounting for Ausconnex guideline. Inspected Endeavour Energy group financial statements, corporate structure and business support agreements that separately identify Endeavour and Ausconnex as separate legal entities. Reviewed a monthly receipt for expenses levied on Ausconnex by Endeavour Energy. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Review of the business support agreement lists the shared assets and services permitted between Ausconnex and Endeavour Energy. This describes the nature and types of the transactions between Endeavour Energy and Ausconnex. The business support agreement includes a provision that compels compliance with ring-fencing obligations on Ausconnex and Endeavour Energy. The transactions broadly relate to Endeavour Energy's provision of direct materials, labour and shared corporate services to Ausconnex. The accounting for Ausconnex guideline is an internal Endeavour Energy document. The guideline

Detailed Findings

Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Establish and Maintain Accounts			
ii. report on transactions between the DNSP and its affiliated entities.	Methodology. The procedure is clearly documented and reviewed annually. (RF.3.006)		detail how shared costs and transactions are accounted for between Ausconnex and Endeavour Energy. The guideline details how income and expenses are recognised then allocated between Endeavour Energy and Ausconnex. <ul style="list-style-type: none"> • The corporate re-charge memo detailed the charges levied by Endeavour Energy to Ausconnex for 2023 that have been authorised and signed by Endeavour Energy's Chief Financial Officer. The charges for transactions and services provided by Endeavour Energy are consistent with those listed in the business support agreement. • Inspection of consolidated financial reports revealed that the Endeavour Energy group separately reports financial results for Endeavour Energy and Ausconnex. • Endeavour Energy's 2023 annual compliance report summarises the transactions between Endeavour Energy and Ausconnex. These financial statements have been independently audited and approved by Ernst and Young.
3.2.2(a) A DNSP must allocate or attribute costs (including costs allocated or attributed to the DNSP by a parent entity) to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs	As above.	<ul style="list-style-type: none"> • Inspected Endeavour Energy's CAM • Reviewed Endeavour group financial statements • Reviewed expenditure line items reported for 2023 and for consistency with the CAM. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> • Financial statements reviewed followed the reporting categories listed in the CAM. The financial statements distinguish between distribution and non-distribution services and reports expenditure, as per the reporting categories in the CAM.

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Establish and Maintain Accounts			
between distribution services and non-distribution services.		<ul style="list-style-type: none"> Reviewed Endeavour Energy's corporate re-charge memo. 	<ul style="list-style-type: none"> Inspected the line items of expenditure incurred as recorded in SAP software application. This was compared to the allocations into categories as listed in the CAM. Endeavour Energy has demonstrated that detailed records of operating expenditure as recorded in SAP can be translated into aggregated expenditure for regulatory reporting purposes. Inspection of Endeavour Energy's financial and regulatory information notice (RIN) audits confirmed Endeavour Energy's ability to summarise and report expenditures recorded in SAP into regulatory reporting categories, as per the CAM.
3.2.2(b) A DNSP must only allocate or attribute costs to distribution services in accordance with clause 3.2.2(a), and must not allocate or attribute other costs to the distribution services it provides.	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations. (RF.0.001) An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004) Separate Financial and Accounting records are maintained for Endeavour Energy and Ausconnex. (RF.3.004) Annual Regulatory Information Notices and Financial Statements are audited by an external third party annually. (RF.3.005) All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually. (RF.3.006) Endeavour Energy's Cost Allocation Methodology is approved by the Australian Energy Regulator for the relevant regulatory period and published on the corporate website. (RF.3.007) 	<ul style="list-style-type: none"> Inspected Endeavour group's financial statements. Reviewed Endeavour Energy's corporate re-charge memo. Reviewed the intercompany journal detailing transactions between Ausconnex and Endeavour Energy. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Inspection of Endeavour Energy's financial statements separately list costs outside of distribution services, that are associated with transactions with Ausconnex. The Commercial Finance team conducts a review of the intercompany transactions between Endeavour Energy and Ausconnex to ensure that these costs are identified separately and not allocated to distribution services. Our review of these transactions indicates a clear delineation of costs that are shared between Endeavour Energy and Ausconnex accounts. The annual review of the Ausconnex corporate charges by the Regulatory Assurance team was validated by emails from the Regulatory Assurance group to Commercial Finance. The Regulatory Assurance team identified inconsistencies that the

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Establish and Maintain Accounts			
	<ul style="list-style-type: none"> Endeavour Energy keeps a register that identifies each Regulated Stand-alone Power System and updates the register on a quarterly basis. The register is published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July, and 15 October each year. (RF.6.008) 		<p>finance team subsequently amended.</p> <ul style="list-style-type: none"> The corporate recharge memo identified Ausconnex's shared costs and transactions with Endeavour Energy, detailing underlying assumptions for estimating these costs.
<p>3.2.2(c) A DNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and 3.2.2(b).</p> <p>[Note: A regulatory information instrument may include a requirement that a DNSP provide to the AER the records established, maintained and kept in accordance with clause 3.2.2(c) and / or that the DNSP otherwise demonstrate to the AER how the DNSP meets the obligations in clauses 3.2.2(a) and (b). It may also further include requirements about the manner and form in which a DNSP is to comply with clause 3.2.2(c)].</p>	<ul style="list-style-type: none"> An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004) Separate Financial and Accounting records are maintained for Endeavour Energy and Ausconnex. (RF.3.004) All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually. (RF.3.006) Endeavour Energy keeps a register that identifies each Regulated Stand-alone Power System and updates the register on a quarterly basis. The register is published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year. (RF.6.008) 	<ul style="list-style-type: none"> Inspected the accounting for Ausconnex guideline. Reviewed intercompany journals and Ausconnex transaction report. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The accounting for Ausconnex guideline lists process to separately account for shared costs and transactions with Ausconnex, as distinct from distribution services costs. The intercompany journal and Ausconnex transactions summary accounts in detail for the shared costs between Endeavour Energy and Ausconnex. The nature of these costs is detailed, flagging whether costs relate to materials purchases, provision of labour, shared corporate services (i.e. Legal, Marketing, IT, Property). The record of expenditures in SAP details the nature of costs that can be clearly delineated between Ausconnex and Endeavour Energy.

5.3 Obligation not to discriminate

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Obligation not to discriminate			
<p>4.1(b) A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <p>i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or</p> <p>ii. contestable electricity services by any other legal entity.</p>	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). Endeavour Energy's corporate website directs customers to find an Accredited Service Provider for Contestable Works (RF.0.002). Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005). A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up (RF.0.006). 	<ul style="list-style-type: none"> Reviewed educational materials informing Endeavour Energy staff of ring-fencing obligations. Reviewed the Endeavour corporate website directing customers to use accredited service providers for contestable services in competition with Ausconnex. Reviewed the business support agreement between Endeavour Energy and Ausconnex. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Review of education materials for both Endeavour Energy and Ausconnex staff on the requirements of ring-fencing obligation 4.1 adequately inform staff on ring-fencing requirements. Additionally, detailed work instructions list for a range of scenarios involving tendering for work and materials and appropriate staff actions to remain compliant with ring-fencing obligation 4.1. Endeavour Energy provided a summary of staff training completions which indicates that 94% of staff have completed the ring-fencing training. Endeavour Energy's website provides a link to a list of accredited service providers. The service providers are third parties that competitively tender to provide services for customers in competition with Endeavour Energy-related entity Ausconnex. Additionally, Endeavour Energy's website also provides operational information to ASPs about their network so that they can make informed bids for tendered contestable services. Endeavour Energy selects tenders that most favour the interests of their customers, limiting the scope to

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Obligation not to discriminate			
			<p>discriminate between awarding work to Ausconnex or an independent ASP.</p> <ul style="list-style-type: none"> The business support agreement specifically states that Ausconnex cannot seek favour from Endeavour Energy, and must comply with ring-fencing requirements. This contractual arrangement discourages discrimination in favour of Ausconnex and sets requirements for ring-fencing compliance more generally. The Endeavour Energy corporate re-charge memo indicates that both field and design staff are shared from Endeavour to Ausconnex. This is declared on the staff sharing register.
<p>4.1(c) Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p>i. in dealing or offering to deal with a related electricity service provider, treat the related electricity service provider as if it were not a related electricity service provider (that is, as if it had no connection or affiliation with the DNSP);</p> <p>ii. in like circumstances, deal or offer to deal with a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider on</p>	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). Endeavour Energy's corporate website directs customers to find an Accredited Service Provider for Contestable Works (RF.0.002). Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005). A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up (RF.0.006). Implementation of Company Procedure GAM1100 outlines the process for managing electricity information requests from both internal and external 	<ul style="list-style-type: none"> Reviewed Endeavour ring-fencing education materials. Reviewed IT security controls to limit exposure of information. Reviewed a sample of tenders listed on the e-procurement portal. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Endeavour provides guidance for staff on meeting ring-fencing obligation 4.1(c) and (d) with the GAM1100 procedure. The procedure details how information regarding Endeavour Energy's distribution network should be recorded, shared, disclosed and ring-fenced. The procedure details a range of scenarios in which interested parties may request information about Endeavour Energy's network. This promotes equal sharing of information with Ausconnex and competing accredited service providers that are un-related to

Detailed Findings

Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
<p>Obligation not to discriminate</p> <p>substantially the same terms and conditions;</p> <p>iii. in like circumstances, provide substantially the same quality, reliability and timeliness of service to a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider;</p> <p>iv. subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider."</p>	<p>entities as well as support the Information Sharing Protocol and Approach published on the corporate website (RF.0.007).</p> <ul style="list-style-type: none"> Identity Access Management software provisions role-based access as per defined security definitions for ring-fencing (RF.4.001). Endeavour Energy's Information Sharing Protocol and Approach is available on the corporate website and outlines how information may be accessed (RF.4.002). Information Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.003). User access reviews are carried out in accordance with Endeavour Energy's ICT Security Calendar (RF.4.004). 		<p>Endeavour Energy. The procedure adequately details the ring-fencing requirements and provides clear instruction to staff. Endeavour Energy's website directs Ausconnex staff to request information in the same way as accredited service providers, un-related to Endeavour Energy.</p> <ul style="list-style-type: none"> Endeavour Energy maintains transparency around information access requests by listing them on the information sharing register, which was updated quarterly throughout 2023, in accordance with the deadlines listed under control RF.4.003. The register lists all information requests made to Endeavour Energy and details whether they were accepted or declined.

Detailed Findings

Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
<p>Obligation not to discriminate</p> <p>4.1(d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p>	<ul style="list-style-type: none"> • A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). • Endeavour Energy's corporate website directs customers to find an Accredited Service Provider for Contestable Works (RF.0.002). • Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005). • A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up (RF.0.006). • Information Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July, and 15 October each year (RF.4.003). • Endeavour Energy keeps a register that identifies each Regulated Stand-alone Power System and updates the register on a quarterly basis. The register is published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July, and 15 October each year (RF.6.008). 		<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> • Endeavour Energy limits access to sensitive information about its network to Ausconnex staff to ensure that Ausconnex competes on equal footing with accredited service providers un-related to Endeavour Energy. Endeavour restricts IT access of its SAP software and network drives which contains sensitive information about its network and tender processes. Ausconnex employees are restricted to view only a subset of information based on a permissible security classification. • Endeavour Energy provided a sample list of email addresses of Ausconnex staff with restricted access. Endeavour Energy's Regulatory Assurance staff frequently review IT user access as staff are shared between Endeavour Energy and Ausconnex to ensure ringfenced information is not inadvertently shared. • Evidence of tendering process with a sample of tender in which Ausconnex did not participate. Procurement staff at Endeavour Energy explained that the procurement process is run with around six suppliers of equipment that competes with Ausconnex to provide constructed transformers and other contestable services.

5.4 Physical separation

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Physical separation			
<p>4.2.1(a) Subject to this clause 4.2.1, in providing direct control services, a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p>	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). A licence in place between Endeavour Energy and Ausconnex for lease of office and workshop space (RF.4.005). Ausconnex maintain separate physical locations from Endeavour Energy staff providing Direct Control Services (RF.4.006). The Office Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.007). Ausconnex physical access reviews are carried out monthly (RF.4.008). Site inspections are carried out of the Ausconnex office locations on an as needs basis to ensure compliance with the Guideline (RF.4.009). 	<ul style="list-style-type: none"> Reviewed licence for the three office locations used collectively by Endeavour Energy and Ausconnex. Inspected floor plans of Endeavour Energy and Ausconnex shared premises. Verified the floor plan inspection by the Regulatory Assurance team to ensure that physical separation requirements are satisfied. Reviewed the office sharing register kept by Endeavour Energy. Interviewed office and security managers in charge of granting access to each of the premises. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <p>Endeavour Energy and Ausconnex are physically separated, operating on different premises. Review of licences show that the Endeavour Energy sites include the shared Glendenning Central Logistics Facility that Ausconnex leases from Endeavour Energy and the Hoxton Park transformer workshop that Ausconnex leases from Endeavour Energy. The sites are physically separate from each other, but facilities are shared at the Glendenning Central Logistics Facility.</p> <p>Review of the Glendenning shared facility floor plan shows separation of office areas used by Ausconnex and Endeavour Energy staff.</p> <p>The provision of direct control services by Endeavour Energy is operated from the Paramatta head office and Endeavour Energy Field Service Centres where most staff with knowledge of electrical information work from permanently.</p> <p>Staff from Ausconnex and other related entities are generally not permitted to enter these</p>

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Physical separation			
			<p>premises unless under the supervision of Endeavour Energy personnel and for specific purposes. This provides a physical separation of staff and information that relates to the provision of direct control services. Additionally, Endeavour Energy and Ausconnex's activities are separated at the Glendenning and Hoxton Park sites and sufficiently comply with this obligation.</p> <p>Entry to each property is supported by a robust security process that monitors staff between the shared properties. Endeavour Energy P&C team uses IT system SuccessFactors that identifies which employees are employed by either Endeavour Energy or Ausconnex at a given time. A security access card with photo identification is issued accordingly, once staff lists from success factors is verified with staff lists from the Gallagher security system. Staff lists are refreshed nightly, with a CSV file produced every night generated by enterprise database. Only one card at time, integrated access card with photo ID, at glance.</p> <p>Endeavour Energy Security team staff conduct monthly reviews of the Gallagher and SuccessFactors records.</p>
4.2.1(b) Clause 4.2.1(a) does not apply in respect of:	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). 	<ul style="list-style-type: none"> Reviewed the floor plan of shared office space at Glendenning site shared by Endeavour Energy and 	Finding: Endeavour Energy is compliant with the requirement

Detailed Findings

Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
<p>Physical separation</p> <p>i. offices for staff who, in the course of their duties:</p> <p>a. do not have access to electricity information;</p> <p>b. have access to electricity information but do not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or</p> <p>c. only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services).</p> <p>ii. providing assistance to the extent necessary to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or</p>	<ul style="list-style-type: none"> A licence in place between Endeavour Energy and Ausconnex for lease of office and workshop space (RF.4.005). Ausconnex maintain separate physical locations from Endeavour Energy staff providing Direct Control Services (RF.4.006). The Office Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.007). Ausconnex physical access reviews are carried out monthly (RF.4.008). Site inspections are carried out of the Ausconnex office locations on an as needs basis to ensure compliance with the Guideline (RF.4.009). 	<p>Ausconnex staff.</p> <ul style="list-style-type: none"> Reviewed sample of security records of staff permitted to enter the Glendenning Central Logistics Facility and Hoxton Park Transformer Workshop. 	<ul style="list-style-type: none"> The Glendenning Central Logistics Facility is Endeavour Energy's primary logistics warehouse and is frequented by shared Endeavour Energy and Ausconnex staff. In interviews, Endeavour Energy's Regulatory Assurance team explained that most staff at the Glendenning facility have jobs that relate to supply chain logistics and do not allow them to share electrical information in contravention of clause 4.1 of the ring-fencing guideline. A review of staff description profiles that frequent the Glendenning facility indicates that they are either not in a position to have knowledge of electrical information, or not be in a position at Glendenning to share it. Staff undertake education about ring-fencing obligations, including the restrictions on sharing or capitalising on knowledge of electrical information to discriminate in favour of Ausconnex in the provision of contestable services.

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Physical separation			
iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.			

5.5 Staff sharing

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Staff sharing			
4.2.2(a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations. (RF.0.001) Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in a Business Support Agreement signed by both parties (RF.0.003) Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline. (RF.0.005) A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up. (RF.0.006) All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually. (RF.3.006) Staff Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year. (RF.4.010) A Staff Sharing Flowchart has been established to assess the application of ring-fencing clauses 4.2.2(a), (b), and (d) (RF.4.011) 	<ul style="list-style-type: none"> Reviewed provisions in the business support agreement that address staff sharing. Interviewed Corporate Communications staff staff employed by Endeavour Energy. Reviewed educational materials used to train Endeavour Energy and Ausconnex staff. Reviewed staff segment definitions procedure used to classify staff positions as either shared between Endeavour Energy and Ausconnex, or fixed permanently with Endeavour Energy only. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Review of clause 3(b)(ii) of the business support agreement between Endeavour Energy and Ausconnex requires compliance with clause 4.2 of the ring-fencing guideline. The clause prohibits the use of Endeavour Energy employees by Ausconnex for the provision or marketing of direct control and contestable services. This contractual arrangement supports compliance with clause 4.2 of the ring-fencing guideline. The shared used of corporate communications staff has been declared on Endeavour Energy's shared staff register. The shared used of corporate communications staff is consistent with Endeavour Energy's staff segment definitions which guides staff sharing arrangements and responsibilities of shared staff. The staff sharing register indicates that these staff have access to

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Staff sharing			
	<ul style="list-style-type: none"> Implementation of Staff Segment Definitions to classify positions according to the nature of services being provided, access to information and the ability to discriminate within the context of their role (RF.4.012) 		<p>electricity information but no opportunity to use the information to engage in conduct that is contrary to the obligations under clause 4.1.</p> <ul style="list-style-type: none"> An interview was conducted with two staff involved in the corporate communications for Endeavour Energy and Ausconnex. One staff is solely focussed on the Endeavour Energy brand, while the other staff is focussed on both; Endeavour Energy four days a week and Ausconnex one day a week. The Corporate Communications Manager – Growth role at Endeavour has a limited scope focussed on engagement i.e. organising stakeholder workshops, compared to the role at Ausconnex which focuses on building the Ausconnex brand through corporate communication activities. The AER directed Endeavour Energy to satisfy itself that the arrangements comply with the ring-fencing guidelines. Following review of the arrangements, we are satisfied that Endeavour Energy comply with the ring-fencing guidelines. Review of the shared communications staff's roles, actions and performance goals, confirmed that they did not participate in competitive tender processes, or incentivised by winning work in their role at either Endeavour Energy or Ausconnex.

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Staff sharing			
			<ul style="list-style-type: none"> According to Endeavour Energy's training records, the two Corporate Communications staff have undertaken compliance training that outlines the obligations not to discriminate in favour of a related entity of the Endeavour group i.e. Ausconnex. Based on the position description and the tasks performed by the shared staff, we do not consider that the shared use of staff in the manner described above is a breach of clause 4.2.2(a) of the ring-fencing guideline.
<p>4.2.2(b) Clause 4.2.2(a) does not apply in respect of:</p> <p>i. a member of staff who, in the course of their duties:</p> <p>a. does not have access to electricity information;</p> <p>b. has access to electricity information but does not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or</p> <p>c. only has access to electricity information to the extent necessary to perform services that are not</p>	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001) Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in a Business Support Agreement signed by both parties (RF.0.003) Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005). A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up (RF.0.006) All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually (RF.3.006). 	<ul style="list-style-type: none"> Interviewed marketing staff employed by Endeavour Energy and Ausconnex. Reviewed Endeavour Energy's shared staff register. Reviewed Endeavour Energy's IT access controls that limit unauthorised information sharing. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <p>Refer to the assessment in 4.2.2 (a) above.</p>

Detailed Findings

Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
<p>Staff sharing</p> <p>electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services);</p> <p>ii. 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>iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or</p> <p>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline."</p>	<ul style="list-style-type: none"> • Staff Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.010). • A Staff Sharing Flowchart has been established to assess the application of ring-fencing clauses 4.2.2(a), (b), and (d) (RF.4.011). • Implementation of Staff Segment Definitions to classify positions according to the nature of services being provided, access to information and the ability to discriminate within the context of their role (RF.4.012). 		

Detailed Findings

Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
<p>Staff sharing</p> <p>4.2.2(c) The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's obligations under this Guideline.</p>	<ul style="list-style-type: none"> Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in a Business Support Agreement signed by both parties (RF.0.003) Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005). A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up (RF.0.006). All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually (RF.3.006). Staff Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July, and 15 October each year (RF.4.010). The At Risk Incentive/Reward Scheme for Contact Staff includes no remuneration, incentive, or other benefit to staff to act in a manner that is contrary to Endeavour Energy's regulatory obligations (RF.4.013). Endeavour Energy's Enterprise Bargaining Agreement includes no remuneration, incentive, or other benefit to staff to act in a manner that is contrary to Endeavour Energy's regulatory obligations (RF.4.014). 	<ul style="list-style-type: none"> Reviewed the Business Support Agreement and Enterprise Bargaining Agreement between Endeavour Energy and Ausconnex for compensation incentives. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> A review of the Business Support Agreement between Endeavour Energy and Ausconnex, and Endeavour Energy's enterprise bargaining agreement did not reveal any compensatory incentives that may lead to a contravention of the ring-fencing guideline.

Detailed Findings

Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
<p>Staff sharing</p> <p>4.2.2(d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider.</p>	<ul style="list-style-type: none"> Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in a Business Support Agreement signed by both parties (RF.0.003) Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005). A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up (RF.0.006). All costs are attributed in accordance with the Accounting for Ausconnex Guideline, which supports Endeavour Energy's approved Cost Allocation Methodology. The procedure is clearly documented and reviewed annually (RF.3.006). Staff Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July, and 15 October each year (RF.4.010). A Staff Sharing Flowchart has been established to assess the application of ring-fencing clauses 4.2.2(a), (b), and (d) (RF.4.011). Implementation of Staff Segment Definitions to classify positions according to the nature of services being provided, access to information and the ability to discriminate within the context of their role (RF.4.012). 	<ul style="list-style-type: none"> Interviewed Corporate Communications staff employed by Endeavour Energy and Ausconnex. Reviewed Endeavour Energy's shared staff register. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The shared staff have not been identified as officers of the Endeavour Energy Group.

5.6 Branding

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Branding			
<p>4.2.3(a) A DNSP:</p> <p>i. must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related;</p> <p>ii. must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion);</p> <p>iii. must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself."</p>	<ul style="list-style-type: none"> • A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001) • Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005) • A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up. (RF.0.006) • Endeavour Energy branding is independent and separate from Ausconnex. Brand Guidelines for each entity have been established and documented (RF.4.015) • Separate brand collateral, website and social media platforms has been established and implemented for Ausconnex (RF.4.016) • Separate uniforms, personal protective equipment, identification cards and vehicle signage with the Ausconnex logo have been implemented (RF.4.017) • An annual review of Ausconnex and Endeavour Energy corporate social media platforms and websites is conducted to ensure compliance with guideline (RF.4.018) 	<ul style="list-style-type: none"> • Reviewed Endeavour Energy and Ausconnex promotional material. • Inspected social media platforms and branded project sites. 	<p>Finding: Endeavour Energy did not comply with this requirement in CY2023; however, the breaches were self-reported, and Endeavour Energy has taken actions to improve the controls</p> <ul style="list-style-type: none"> • Three breaches of clause 4.2.3(a) of the ring-fencing guideline were self-disclosed by Endeavour Energy. The breaches are summarised above in Table 4. • Despite the breaches reported, Endeavour Energy employs a number of management controls to achieve ring-fencing compliance. The Endeavour group maintains a range of separate logos and promotional materials for Endeavour Energy and Ausconnex to avoid cross-promotion. The promotional materials are physically located at different offices and digitally controlled via the success factors software IT access controls. Author rights on the Endeavour Energy and Ausconnex social media sites are restricted to Corporate Communications staff at each organisation. For shared staff, IT access to Endeavour Energy's systems is partitioned when they are seconded to Ausconnex. • A review of project branding and social media posts did not reveal any cross-promotion between Endeavour Energy

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Branding			
			and Ausconnex, except in the self-disclosed breaches identified by Endeavour Energy.

5.7 Office and Staff Sharing Registers

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Office and Staff Sharing Registers			
<p>4.2.4(a) A DNSP must establish, maintain and keep a register that identifies:</p> <p>i. the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii.;</p> <p>ii. the staff positions (including a description of the roles, functions and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d);</p> <p>iii. the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that</p>	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004). Implementation of Company Procedure GRG0013 addresses compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline (RF.0.008). Information Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.003). The Office Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.007). Staff Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.010). 	<ul style="list-style-type: none"> Reviewed Endeavour Energy's staff sharing registers for each of the quarters over the audit period, the most recent register on its website and the prior three using historical website snapshots. Interviewed staff that are shared across Endeavour Energy and Ausconnex. Interviewed IT staff responsible for the management of file system access to both Endeavour and Ausconnex employees. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The staff sharing registers reviewed contain the requisite information listed under obligations 4.2.4(a) i to iii. Specific staff whose status as shared staff were questioned and confirmed in interviews with Endeavour stakeholders were confirmed in all cases to be on the staff sharing register.

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Office and Staff Sharing Registers			
member of staff commenced to hold and (if applicable) ceased to hold that position."			
4.2.4(b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).	<ul style="list-style-type: none"> As above. 	<ul style="list-style-type: none"> Reviewed Endeavour Energy's staff sharing registers for each of the quarters over the audit period, the most recent register on its website and the prior three using historical website snapshots. PDF copies provided by Endeavour Energy were also reviewed. Interviewed staff responsible for the management of the staff sharing register. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The document properties of the PDF copies of the staff sharing registers reviewed showed that none had been edited after their stated date of update, all of which were prior to the required date of update under obligation 4.2.4(b).

5.8 Information access and disclosure

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information access and disclosure			
4.3.1 Subject to this clause 4.3, a DNSP must: <ul style="list-style-type: none"> a) keep ring-fenced information confidential; and b) only use ring-fenced information for the purpose for which it was acquired or generated. 	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). Education and awareness, including mandatory eLearning training to enhance employee's understanding and compliance with the Guideline (RF.0.005). A training compliance report is generated and monitored for completion rates post-training deployment for a period of three months with reporting sent to Executive Leadership Team Members for follow-up (RF.0.006). 	<ul style="list-style-type: none"> Inspected sample of training and compliance materials on intranet site. Validated the use of information security controls and access to IT systems. Reviewed the process to grant user access to information systems. 	<p>Finding: Endeavour Energy did not comply with this requirement in CY2023; however, the breaches were self-disclosed, and Endeavour Energy has taken actions to improve the controls</p> <ul style="list-style-type: none"> Endeavour Energy breached this clause on three occasions. A summary of the breaches are provided in Table 4 above. The failure related to the breakdown of

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information access and disclosure	<ul style="list-style-type: none"> Implementation of Company Procedure GAM1100 outlines the process for managing electricity information requests from both internal and external entities as well as support the Information Sharing Protocol and Approach published on the corporate website (RF.0.007). Utilising Data Loss Prevention to identify, monitor and prevent the release of sensitive information outside of Endeavour Energy in accordance with licence requirements (RF.0.009). Identity Access Management software provisions role-based access as per defined security definitions for ring-fencing (RF.4.001). Endeavour Energy's Information Sharing Protocol and Approach is available on the corporate website and outlines how information may be accessed (RF.4.002). Information Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.003). User access reviews are carried out in accordance with Endeavour Energy's ICT Security Calendar (RF.4.004). Ausconnex physical access reviews are carried out monthly (RF.4.008). 	<ul style="list-style-type: none"> Tested a sample of staff IT at shared sites (Glendenning warehouse) Inspected the information sharing register. 	<p>automated systems that resulted in a lapse of SAP IT access controls of transferring employees between Ausconnex and Endeavour Energy. This potentially resulted in ringfenced information being shared in contravention of clause 4.3.1 of the AER's guideline. Endeavour was unable to confirm if ringfenced information was actually shared. Endeavour Energy is taking action to issue separate hardware (laptop devices) to mitigate the risk of this type of breach occurring in the future, in addition to existing controls listed below.</p> <ul style="list-style-type: none"> Despite the potential breach of 4.3.1, Endeavour maintains a number of management controls to maintain compliance with clause 4.3.1 of the AER's guideline, including: The e-learning video tutorial resource adequately explains the obligation for employees to meet ring-fencing requirements and educates staff on protocols to access information systems and communicate with Ausconnex employees. Work instructions provided to staff also highlight ring-fencing obligations and their responsibility to meet these compliance obligations. Validated use of information security controls via screenshots of the security calendar which lists user access rights request that limits the confidential

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information access and disclosure			<p>electricity information of Endeavour Energy to Ausconnex staff. The user access rights limit Ausconnex staff access to network drives and systems used by Endeavour.</p> <ul style="list-style-type: none"> Validated the use of the data loss and prevention software which limits access of SAP systems of Ausconnex employees, to protect ringfenced electricity information. A sample check of a number of employees of the Glendenning warehouse was conducted to verify security controls were activated. Review of Endeavour Energy company procedure GAM1100 that details the process and rules to grant access to information from internal requests from Ausconnex and externally via accredited service providers. The document covers information relating to both regulated and unregulated services. Staff note that the vast majority of information relates to geospatial data, identifying the location of Endeavour Energy's network infrastructure. The procedure details the responsibility of each group of Endeavour Energy employees in the approval of data requests. Inspection of Endeavour Energy's information sharing register demonstrates information sharing requests are current and are updated quarterly, by the deadline dates listed in management

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information access and disclosure			
			control RF.4003. <ul style="list-style-type: none"> The Regulatory Assurance team is alerted to monthly user access reviews by the ICT team that are reviews of staff access to corporate network drives, given the status of their employment as either Ausconnex or Endeavour Energy employees.
4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless: <ul style="list-style-type: none"> (a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates; (b) the disclosure is required by, or for the purpose of complying with any law; (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); (d) the information has been requested by or on behalf of a 	<ul style="list-style-type: none"> Endeavour Energy's Information Sharing Protocol and Approach is available on the corporate website and outlines how information may be accessed (RF.4.002). Information Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.003). 	<ul style="list-style-type: none"> Tested a sample of staff IT at shared sites (Glendenning warehouse) Inspected the information sharing register. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> As per the breach reported under 4.3.1. It is unclear the extent that ring-fenced information may have been shared due to an inadvertent access to dual SAP profiles for Ausconnex and Endeavour Energy shared staff employees. Endeavour Energy maintained a log of all instances where ring-fenced information has been approved or declined for sharing over calendar year 2023 in accordance with the AER's ring-fencing guideline. The information register is made publicly available on Endeavour Energy's website. Inspection of Endeavour Energy's information sharing protocol document details the approach for interested external and internal (i.e. Ausconnex) parties to request information from Endeavour Energy. This document references the ring-fencing obligations,

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information access and disclosure			
<p>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 ring-fenced information; or</p>			<p>making interested parties aware of the limits to sharing of sensitive information and responsibilities under the ring-fencing guideline.</p>

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information access and disclosure			
(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure."			
<p>4.3.3</p> <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> <p>i. the legal entity has requested that it be included on the information register in respect of information of that kind; and</p> <p>ii. the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service</p>	<ul style="list-style-type: none"> Endeavour Energy's Information Sharing Protocol and Approach is available on the corporate website and outlines how information may be accessed (RF.4.002). 	<ul style="list-style-type: none"> Inspected Endeavour Energy's online resources to provide information. Inspected Endeavour Energy's information register. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Endeavour Energy provides publicly available electricity information regarding its network through the distribution annual planning report (DAPR) website. Additionally, Endeavour Energy provides an opportunity to request additional information through the accredited service provider (ASP) web portal that is primarily used to grant access of electricity information to external and internal parties. The majority of information requests relate to the location of network infrastructure provided through geospatial data. Inspection of the web portals demonstrates that Ausconnex and unrelated third parties to Endeavour requests for electricity information are considered on equal terms via the same process, promoting impartiality in the process.

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information access and disclosure			
<p>provider of the DNSP, in relation to the provision of contestable electricity services.</p> <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>			

5.9 Information register

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information register			
<p>4.3.4(a) A DNSP must establish, maintain and keep a register of all:</p> <p>i. related electricity service providers;</p> <p>ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP;</p> <p>who request access to information identified in clause 4.3.3(a), and must make the register publicly available on its website."</p>	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). Implementation of Company Procedure GRG0013 addresses compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline (RF.0.008). Endeavour Energy's Information Sharing Protocol and Approach is available on the corporate website and outlines how information may be accessed (RF.4.002). Information Sharing Register is maintained on a quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.4.003). 	<ul style="list-style-type: none"> Reviewed the current and previous Endeavour information registers for each of the quarters over the audit period, the most recent register on its website and the prior three using historical website snapshots.. Confirmed that the registers contain the requisite information under obligation 4.3.4 Confirmed that the information sharing register is readily available on the corporate website. Interviewed staff responsible for the management of the information register. Examined Endeavour Energy's Electricity Information Requests procedure document. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The information sharing register contain the requisite information listed under obligation 4.3.4. The information sharing register is readily available on Endeavour Energy's corporate website. Endeavour Energy's Electricity Information Requests procedure document provides instruction as to when and how the information sharing register must be updated and is consistent with the requirements under 4.3.4(a).
<p>4.3.4(b) For each related electricity service provider or other legal entity that has requested that a DNSP provide access to information identified in clause 4.3.3(a), the DNSP's information register must:</p> <p>i. identify the kind of information requested by the related electricity service provider or other legal entity; and</p> <p>ii. describe the kind of information requested by the related electricity</p>	<p>As above.</p>	<p>As above.</p>	<p>Finding: Endeavour Energy is compliant with the requirement</p> <p>Refer discussion in 4.3.4(a) above.</p>

Detailed Findings			
Compliance requirement	Management Controls	Assessment Tests	Auditor's observations
Information register			
service provider or other 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."			
4.3.4(c) A legal entity may request that the DNSP include it on the information register in relation to some or all of the kinds of information that the DNSP is required to provide under clause 4.3.3(a), and the DNSP must comply with that request.	<ul style="list-style-type: none"> As above. 	<ul style="list-style-type: none"> Reviewed the current and previous Endeavour information registers for each of the quarters over the audit period, the most recent register on its website and the prior three using historical website snapshots. Interviewed staff responsible for the management of the information register. Examined Endeavour Energy's Electricity Information Requests procedure document. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The information sharing register list several external entities. The Electricity Information Requests procedure document outlines that the information sharing register is to be maintained with requestor information, in addition to other details of the request.

5.10 Service providers

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Service Providers			
4.4.1(a) 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,	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). Endeavour Energy has standard terms and conditions that reflect the requirements of the Ring-fencing Guideline. New or varied contracts that 	<ul style="list-style-type: none"> Inspected the standardised agreement to supply Endeavour Energy. Reviewed Endeavour Energy's tender process to procure equipment for the provision of direct control 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The standardised supply agreement for equipment states transactions must be

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Service Providers			
<p>requires the service provider to comply, in providing those services, with:</p> <p>i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.1 of this Guideline; and</p> <p>ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.</p>	<p>deviate from these standard terms or conditions require approval (RF.4.019).</p>	<p>services.</p> <ul style="list-style-type: none"> Reviewed a sample of transactions over 2023 involving the supply of equipment. 	<p>conducted in compliance with ring-fencing compliance provisions. In particular, Endeavour must not discriminate in favour of its related entity Ausconnex, over competing independent third party materials suppliers, as per clause 4.1 of the guideline. Endeavour must also provide information to independent suppliers on equal terms as Ausconnex when conducting a tender process for materials, in accordance with clause 4.2 of the ring-fencing guideline. Where Ausconnex supplies Endeavour Energy, they must do so from a separate physical location, as per clause 4.3 of the guideline.</p> <ul style="list-style-type: none"> Endeavour Energy issue competitive tenders to procure supply of materials in order to operate their distribution network. The tenders are issued to Ausconnex and independent suppliers of equipment. Ausconnex supplies power transformers to Endeavour Energy in competition with other transformer suppliers. Ausconnex supplies Endeavour with transformers using the parts purchased by Endeavour Energy which are assembled by Ausconnex and sold to Endeavour Energy for a margin reflecting labour and logistics costs. Ausconnex supplies Endeavour Energy from its Hoxton Park transformer workshop which is a separate premises to Endeavour Energy's Glendenning Central Logistics Facility.

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Service Providers			
			<ul style="list-style-type: none"> Endeavour provided evidence that it purchases equipment from a variety of transformer suppliers aside from Ausconnex. A sample of tender documents from Endeavour Energy's e-tender portal reveals a competitive tender process is run for supply of equipment in competition with Ausconnex.
<p>4.4.1(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 under clause 4 of this Guideline.</p>	<ul style="list-style-type: none"> As above. 	<ul style="list-style-type: none"> Inspected the standardised agreement to supply Endeavour Energy. Reviewed Endeavour Energy's tender process to procure equipment for the provision of direct control services. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Endeavour Energy's supply agreements do not list any incentives that would incentivise any behaviour that would contravene the ring-fencing guideline. As listed above in our findings for clause 4.4.1(a) of the ring-fencing guideline, Endeavour Energy has procured materials using a competitive tender process open to independent material suppliers. Endeavour Energy runs a competitive rigorous tender process that is open to a number of third parties which competes with Ausconnex to provide contestable services. The tender process undergoes scrutiny of the finance, legal and procurement teams to ensure the most competitive tenders are selected. After reviewing purchase order data, it is clear that Endeavour Energy sources

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Service Providers			
			<p>transformers from a number of suppliers, including Ausconnex. This provides assurance that the competitive tender process is not unduly favouring Ausconnex equipment sales.</p> <ul style="list-style-type: none"> Endeavour Energy did highlight that construction and civil works have only just been open to competitive tendering outside of Ausconnex.

5.11 Waivers register

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Waivers Register			
<p>5.7(a) A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the DNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.</p>	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004) Implementation of Company Procedure GRG0013 addresses compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline (RF.0.008). The Waiver Register is updated on quarterly basis and published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.5.001). 	<ul style="list-style-type: none"> Inspected Endeavour Energy's compliance reporting procedure document. Interviewed staff responsible for maintenance of the waiver register and monitoring, grid strategy, and energy storage. Inspected Endeavour Energy's current and previous waiver registers from the audit period. Confirmed that Endeavour Energy's current waiver register is publicly available on its corporate website. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The waiver register is updated and published on the website by the Regulatory Assurance analyst. Separate staff are responsible for monitoring reporting. Endeavour owns batteries and makes the decision to lease the battery to retail partners or to use for network control.

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Waivers Register			
			<ul style="list-style-type: none"> Three batteries have been delayed and two have not been commissioned. Only Endeavour Energy's Bungaribee community battery is operational.
<p>Compliant</p> <p>5.7(b) The register established under clause 5.7(a) must include:</p> <p>i. the description of the conduct to which the waiver or interim waiver applies; and</p> <p>ii. the terms and conditions of the waiver or interim waiver,</p> <p>as set out in the AER's written decision, provided by the AER to the DNSP, to grant (or vary) the waiver or interim waiver.</p>	<ul style="list-style-type: none"> As above. 	<ul style="list-style-type: none"> As above. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Endeavour Energy's current and previous waiver registers from the audit period contain the information required under obligation 5.7(b)

5.12 Annual Reporting

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Annual Reporting			
6.1 Maintaining compliance	<ul style="list-style-type: none"> An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004). 	<ul style="list-style-type: none"> Reviewed internal compliance breach reporting process. 	<p>Finding: Endeavour Energy is compliant with the requirement</p>

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Annual Reporting			
<p>A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this Guideline.</p>	<ul style="list-style-type: none"> Implementation of Company Procedure GRG0013 addresses compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline (RF.0.008). Endeavour Energy's Risk Management and Compliance Framework is overseen by the Audit and Risk Committee (ARC) of the Board (RF.6.004). Endeavour Energy's annual submission of the Ring-fencing Compliance Report to the Australian Energy Regulator is submitted on time and accompanied by an assessment of compliance by a suitably qualified independent authority (RF.6.005). Endeavour Energy's register of reported breaches is supported by copies of the ring-fencing breach report and cover letter submitted to the Australian Energy Regulator for each identified breach (RF.6.006). A regulatory reporting calendar is generated and monitored by Regulatory Assurance for compliance with all mandatory reporting obligations including Ring-fencing (RF.6.009). A ring-fencing inquiry register has been established to track and monitor inquiries, responses and investigations and any follow-up actions (RF.6.011). 	<ul style="list-style-type: none"> Check that compliance reports were submitted by deadline dates. Reviewed compliance monitoring processes. Inspected the Ring-fencing mailbox and compliance systems. Reviewed sample Audit and Risk Committee minutes. 	<ul style="list-style-type: none"> The breach reporting register captured all breaches noted in the compliance report. Descriptions of breaches, dates detailing breach duration, detection and reporting timelines, and underlying causes were sufficiently detailed. The register also details actions taken to rectify ring-fencing compliance breaches. Endeavour demonstrated the resolver compliance software that automates notifications prompting actions to meet ring-fencing compliance obligations. This is used as a reporting and monitoring tool by the Regulatory Assurance team to manage compliance requirements. The software records all procedures and documentation in an auditable trail linked to responsible staff. The resolver software integrates with email applications and a regulatory calendar to automatically notify responsible staff outside of the regulatory group. Inspection of the audit and risk committee meeting minutes demonstrates reporting and monitoring of compliance breaches and emerging compliance issues at executive staff level. Review of the company procedure GRC0013 adequately details the responsibilities of different staff across level of the Endeavour Group to monitor, report and action processes to meet ring-

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Annual Reporting			
			fencing compliance requirements. <ul style="list-style-type: none"> Endeavour provides educational videos that sufficiently detail ring-fencing obligations across the Endeavour group to ensure staff are made aware of their responsibility to maintain compliance with ring-fencing obligations.
<p>6.2.1 A DNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ol style="list-style-type: none"> the measures the DNSP has taken to ensure compliance with its obligations under this Guideline; any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP; all other services provided by the DNSP in accordance with clause 3.1; and the purpose of all transactions between the DNSP and an affiliated entity. 	<ul style="list-style-type: none"> An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004). Implementation of Company Procedure GRG0013 addresses compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline (RF.0.008). Endeavour Energy's Risk Management and Compliance Framework is overseen by the Audit and Risk Committee (ARC) of the Board (RF.6.004). Endeavour Energy's annual submission of the Ring-fencing Compliance Report to the Australian Energy Regulator is submitted on time and accompanied by an assessment of compliance by a suitably qualified independent authority (RF.6.005). Endeavour Energy's register of reported breaches is supported by copies of the ring-fencing breach report and cover letter submitted to the Australian Energy Regulator for each identified breach (RF.6.006). A regulatory reporting calendar is generated and monitored by Regulatory Assurance for compliance with all mandatory reporting obligations including Ring-fencing (RF.6.009). 	<ul style="list-style-type: none"> Review Endeavour Energy's 2023 ring-fencing compliance report. Reviewed Endeavours processes to meet the requirements of the annual compliance report. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Review of Endeavour Energy's annual compliance report demonstrates timely submission in accordance with the deadline of 30 April 2024. Endeavour Energy's annual compliance report under section 2 details the controls used to achieve compliance with ring-fencing obligations. Breaches have been adequately explained under section 1 of the annual compliance report, including a description of the underlying cause and actions to remedy the breaches. The annual compliance report under section 6 lists the services provided by Endeavour Energy. Section seven of the regulatory compliance report details the types of transactions that occur between Endeavour Energy and Ausconnex. The annual compliance report is accompanied by this audit assurance report, as per the requirement under 6.2.1

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Annual Reporting			
<p>The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except clauses 6.2.2 and 6.3) by a suitably qualified independent authority.</p> <p>A DNSP's annual compliance report may, in relation to clause 3.2 of this Guideline, be based on information provided to the AER under a regulatory information notice for the DNSP's most recent regulatory year. If so, that annual compliance report must cover, in relation to clause 3.2 of this Guideline, the entirety of that regulatory year.</p> <p>Annual compliance reports may be made publicly available by the AER.</p>			<p>of the AER's guideline.</p> <ul style="list-style-type: none"> The processes observed in our findings under clause 6.1 of the AER's guideline support the collection of information required to produce the annual compliance report in accordance with guideline clause 6.2.1.
<p>Compliant</p> <p>6.2.2 Subject to clause 7.2, a DNSP must submit its annual compliance report to the AER within four months of the end of the calendar year to which the compliance report relates.</p> <p>A DNSP is not required to submit an annual compliance report for its regulatory year in which this Guideline commences.</p>	<ul style="list-style-type: none"> As above. 	<ul style="list-style-type: none"> Checked the drafting status of the annual compliance report. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The report is drafted and expected to be submitted by the deadline of 30 April.

5.13 Stand Alone Power Systems

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Stand Alone Power Systems			
<p>6.2.3(a) A DNSP must establish, maintain and keep a register that identifies, for each regulated stand-alone power system used by the DNSP to provide other services:</p> <p>i. the local government area in which the regulated stand-alone power system is deployed;</p> <p>ii. the number of premises served by the regulated stand-alone power system;</p> <p>iii. the maximum demand, in kW, served by the regulated stand-alone power system;</p> <p>iv. the aggregated annual average energy consumption, in kWh, of the premises served by the regulated stand-alone power system;</p> <p>v. the revenue earned by the DNSP for providing other services by means of the regulated stand-alone power systems in the current calendar year; and</p> <p>vi. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP)."</p>	<ul style="list-style-type: none"> An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004). Implementation of Company Procedure GRG0013 addresses compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline (RF.0.008). Endeavour Energy keeps a register that identifies each Regulated Stand-alone Power System and updates the register on a quarterly basis. The register is published on Endeavour Energy's corporate website no later than 15 January, 15 April, 15 July and 15 October each year (RF.6.008). 	<ul style="list-style-type: none"> Reviewed Endeavour Energy's register for stand-alone power systems. Reviewed Endeavour Energy's website for listings of stand-alone power systems. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Endeavour Energy's register for stand-alone power systems did not list any active regulated stand-alone power systems over 2023.

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Stand Alone Power Systems			
6.2.3(b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of the register referred to in clause 6.2.3(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).	<ul style="list-style-type: none"> As above 	<ul style="list-style-type: none"> Reviewed the current and previous Endeavour stand-alone power systems registers. Interviewed staff responsible for the management of the stand-alone power systems register. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> The register was reviewed and issued quarterly, as per the deadlines listed in the AER ring-fencing guideline.

5.14 Compliance

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Compliance			
6.3 Compliance breaches A DNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline. The AER may seek enforcement of this Guideline by a court in the event of any breach of this Guideline by a DNSP, in accordance with the NEL.	<ul style="list-style-type: none"> A ring-fencing intranet site is maintained to support employee awareness of Ring-fencing obligations (RF.0.001). An annual review is undertaken of the Accounting for Ausconnex Guideline that demonstrates the nature and extent of transactions between Endeavour Energy and Ausconnex (RF.0.004). Implementation of Company Procedure GRG0013 addresses compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline (RF.0.008). 	<ul style="list-style-type: none"> Reviewed communications of breaches between Endeavour Energy and the AER. Reviewed Endeavour Energy's compliance breach register. Reviewed Endeavour Energy's audit and risk committee minutes. Witness demonstration of resolver compliance software. 	<p>Finding: Endeavour Energy is compliant with the requirement</p> <ul style="list-style-type: none"> Endeavour Energy maintains a record of all breaches recorded in the breach register. The register includes relevant dates that identifies the range of the breach period, when Endeavour identified the breach and when the AER was notified.

Detailed Findings			
Compliance requirement	Management Controls	Audit Test	Auditor's observations
Compliance	<ul style="list-style-type: none"> An annual attestation of ring-fencing compliance is completed via Resolver by Endeavour Energy's key Branch Managers and Executive Leadership Team members. (RF.6.001). Endeavour Energy maintains a dedicated ring-fencing email account to monitor inquiries, and correspondence relating to breaches or potential breaches or communication from employees or the Regulator (RF.6.002). A regular update on Ring-fencing compliance is provided to the Board's Regulatory Committee (RF.6.003). Endeavour Energy's Risk Management and Compliance Framework is overseen by the Audit and Risk Committee (ARC) of the Board (RF.6.004). Endeavour Energy's annual submission of the Ring-fencing Compliance Report to the Australian Energy Regulator is submitted on time and accompanied by an assessment of compliance by a suitably qualified independent authority (RF.6.005). Endeavour Energy's register of reported breaches is supported by copies of the ring-fencing breach report and cover letter submitted to the Australian Energy Regulator for each identified breach (RF.6.006). Ring-fencing Alerts are communicated to all staff to increase awareness of breaches of the Ring-fencing Guideline and mitigate the risk of future similar breaches (RF.6.007). A regulatory reporting calendar is generated and monitored by Regulatory Assurance for compliance with all mandatory reporting obligations including Ring-fencing (RF.6.009). Company Procedure GRG0013 outlines the internal process for reporting and analysing breaches of the Ring-fencing Guideline and notification to the Regulator (RF.6.010). 		<ul style="list-style-type: none"> Inspection of emails between Endeavour Energy and the AER demonstrate that breaches of the ring-fencing guideline were reported to the AER within 15 business days of Endeavour Energy being aware of the breaches. Endeavour Energy's walkthrough of the resolver compliance software demonstrates a significant step towards automating compliance processes in monitoring and actioning compliance tasks. This supports the prompt identification of breaches, as they occur, and subsequent reporting to the AER.

Appendix A. Information provided

The information provided during the audit is provided in Table 7 and is grouped by business segment.

Table 7: Information Provided

File Name
RF_0_002 - Accredited Service Providers.msg
2020 Business Support Agreement.pdf
Business Support Agreement 2023 between NOP and NUP (Signed).pdf
20231108 Signed by CFO - FY24 Review of Ausconnex Annual Recharge - Final V2.pdf
FY23 - Corporate Overheads - APPROVED.pdf
June 2023 - Accounting for ACX.pdf
Ring-fencing Audit Meeting Action - Corporate Recharge.msg
RF_0_005 - Training Module.msg
20230619 Summary File COM400 v2.xlsx
RF_0_006 - Training Report.msg
Electricity Information Requests GAM1100.pdf
Ring-fencing Assurance Meeting Action - Information Sharing.msg
Compliance Reporting for Ring-fencing Guidelines GRG0013.pdf
Information Classification Levels.jpg
Titus Information Classification Levels - Screenshot.png
Endeavour Energy Group Structure.pdf
Overview (@ Jan 2024).pdf
Ring-fencing Audit Meeting Action - Legal Structure explained.msg
0010000257 Payment Advice 11.10.2023.PDF
IPART Tax Invoice - Endeavour ~20015532200 - 5 September 2023.pdf
RF_3_003 - Distribution Licence.msg
Ausconnex IC Journals 2023.xlsx
Ausconnex Transactions Company Code 1000.xlsx
23 EE - Signed Group Financial Report - 30 June 2023.pdf
RF_3_005 - Financial Statements and RIN.msg
CAM Examples - ENDV.xlsx
Financial Statements Flash FY24 Jan - Alex Goh.pdf
RF_3_007 - Cost Allocation Methodology.msg
IDM Architecture - SAP.JPG
report_Ausconnex_to_EE_movements_010123 to 311223.xlsx
report_EE_to_Ausconnex_movements_010123 to 311223.xlsx
SAP Access to AUSCONNEX Users.pdf
Information Sharing Protocol - Final (July 2022).pdf
202304 Information Sharing Register.pdf

File Name
202307 Information Sharing Register.pdf
202310 Information Sharing Register.pdf
202401 Information Sharing Register.pdf
11. Ausconnex UAR at 30112023.xlsx
August Azure user list.pdf
Deny Group - Security Calendar 2023.png
Security Calendar 2023 - enterprise.pdf
Glendenning CLF - RA - between NOP and NUP dated 26 October 2017.pdf
Hoxton Park Tx Workshop - RA - between NOP and NUP dated 26 October 2017.pdf
Glendenning CLF Level 1 Ausconnex Space.pdf
Glendenning CLF Location Map.pdf
Hoxton Park Location Map.pdf
Hoxton Park Near Maps View.pdf
RF_4_006 - Physical Locations.msg
202304 Office Sharing Register.pdf
202307 Office Sharing Register.pdf
202310 Office Sharing Register.pdf
202401 Office Sharing Register.pdf
Workplace instruction - Ausconnex attending PSQ for meetings with Endeavour.pdf
202304 Staff Sharing Register.pdf
202307 Staff Sharing Register.pdf
202310 Staff Sharing Register.pdf
202401 Staff Sharing Register.pdf
Staff Sharing Flowchart - May 2023.pdf
Staff Sharing Definitions.pdf
Endeavour Energy Enterprise Agreement.pdf
ACX Colour Palette.pdf
ENDV Brand Guidelines - Oct 2022.pdf
ENE2739_AUSCONNEX_Logo_Format_Guide.pdf
Ring-fencing Audit Meeting Action - Branding Cross-Promotion examples.msg
Ring-fencing Audit Meeting Action - Branding Cross-Promotion.msg
14.1 - Advertising, Communication and Promotional Materials.pdf
14.10 - Media and Social Media.pdf
Fact Sheet - Social Media.pdf
GMM001 - Purchase, Use and Issue of Branded Promotional Products.pdf
GMM003 - Producing Advertisements, Communication and Promotional Materials.pdf
Screenshot 2024-02-22 142148.png (Screenshot showing accounts with Facebook business account access)
20230414 Q1 Website Review - ENDV.pdf

File Name
20230623 Q2 Website Review - ACX.pdf
20231010 Q3 Linked in Review - ACX.pdf
20231010 Q3 Website Review - ENDV.pdf
202401 Q4 Website Review - ACX.pdf
20240102 CY LinkedIn Review - ACX.pdf
20240102 Q4 Linked in Review - ENDV.pdf
RF_4_018 - Website and Social Media.msg
DISTR1~1.DOC (Supplier terms and clauses)
ENDEAV-1081634_ACX_Notrespond.png (Screenshot of procurement portal showing notice to multiple suppliers)
Endeavour-Standard-Terms-and-Conditions-of-Purchase-Dec-21.pdf
ENDV employees at GCLF during 2023.xlsx
EXPORT_PO2023.XLSX (Export showing list of purchases made over audit period against the vendor)
HWNFS03VPGeneralProcurement & Logistics2. Strat Proc.csv
Work Instruction Ring Fencing - Final.pdf
202304 Waiver Register.pdf
202307 Waiver Register.pdf
202310 Waiver Register.pdf
202401 Waiver Register.pdf
0 ARC Agenda - 8 June 2023.pdf (Audit and Risk Committee agenda)
0 ARC Agenda - 9 November 2023.pdf
Risk Management 2.0.5.pdf
Risk Management Procedure GRM0003.pdf
2023 04 28 Correspondence out - AER - Transmittal letter.pdf
20230428 Submission Email to AER.pdf
Attachment 1 - Endeavour Energy Annual Compliance Report 2022.pdf
Attachment 2 - KPMG - Independent Reasonable Assurance Report.pdf
20230330 END019 Ring-fencing - Endeavour Energy Material Breach Report (March 2023).xlsx
20230417 END020 Ring-fencing - Endeavour Energy Material Breach Report (April 2023).xlsx
20230417 Signed by CFO - END020 Ring-fencing - Material Breach - Cover Letter.pdf
20230426 END021 Ring-fencing - Endeavour Energy Material Breach Report (April 2023).xlsx
20230426 Signed - By CFO - END021 Ring-fencing - Material Breach - Cover Letter.pdf
20230609 END022 Ring-fencing - Endeavour Energy Material Breach Report (June 2023).xlsx
20231009 END023 Ring-fencing - Breach Notification - Cover Letter.pdf
20231009 END023 Ring-fencing - Endeavour Energy Breach Report (Oct 2023) - F.xlsx
20231110 END024 Ring-fencing - Breach Notification - Cover Letter.pdf
20231110 END024 Ring-fencing - Endeavour Energy Breach Report (Nov 2023).xlsx
END019 - Sent to AER.pdf (Ring fencing alert email)
END020 - Sent to AER.pdf

File Name
END021 - Sent to AER.pdf
END022 - Sent to AER.pdf
END023 - Sent to AER.pdf
END024 - Sent to AER.pdf
FY18-CY23 Breach Summary - ENDV.xlsx
END019 Ring-fencing Alert - The Wire.pdf
END019 Ring-fencing Alert.pdf
END020 Ring-fencing Alert - The Wire.pdf
END020 Ring-fencing Alert.pdf
END021 Ring-fencing Alert - The Wire.pdf
END021 Ring-fencing Alert.pdf
END022 Ring-fencing Alert - The Wire.pdf
END022 Ring-fencing Alert.pdf
END023 Ring-fencing Alert - The Wire.pdf
END023 Ring-fencing Alert.pdf
END024 Ring-fencing Alert - The Wire.pdf
END024 Ring-fencing Alert.pdf
202304 SAPS Reporting Register.pdf
202307 SAPS Reporting Register.pdf
202310 SAPS Reporting Register.pdf
202401 SAPS Reporting Register.pdf
Ring-fencing Issues Log CY23.xlsx
Copy of Ausconnex Card Holders.xlsx
Copy of Monthly Ausconnex staff list_2023-01-31.xlsx
Copy of MTHLY Ausconnex Card Holders.xlsx
Copy of report_Monthly_Ausconnex_staff_list.xlsx
COPYOF~2.XLS (Monthly Ausconnex staff list)
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