



# Ausgrid

## 12-month Ring-fencing Compliance

For the period ended 31 December 2023





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# 1. Executive Summary



## Background

The Australian Energy Regulator's ("AER") is the economic regulator over Distribution Network Service Providers ("DNSPs") in the National Electricity Market ("NEM"). The role of AER includes monitoring compliance with the Ring-fencing Guidelines issued under clause 6.17.2. of the National Energy Sector Rules. The guidelines were amended on 3 November 2021 to Version 3 and applicable for DNSPs from 3 February 2022.

DNSPs are required to prepare an annual report on ring-fencing compliance for submission to the AER. This compliance report must include:

- The measure the DNSP has taken to ensure compliance with its obligations under the Ring-fencing guidelines.
- Any breaches of the Ring Fencing Guidelines by the DNSP, or which otherwise relate to the DNSP.
- All other services provided by the DNSP in respect of clause 3.1 in the Ring-fencing guidelines.
- The purpose of all transactions between the DNSP and an affiliated entity.

In accordance with Ring-fencing Guideline clause 6.2.1 (c), DNSPs are required to accompany their annual compliance report with an assessment of compliance, performed by a suitably qualified independent authority.

## Methodology

Ausgrid Operator Partnership (ABN 78 508 211 731) has prepared an annual compliance report under the Ring-Fencing Guidelines for the 12-month period ended 31 December 2023.

We obtained an understanding of the Ring-Fencing Guidelines and other engagement circumstances specific to Ausgrid sufficient to enable the identification and assessment of the risk of non-compliance with the Ring-fencing Guideline, that were not disclosed in the Ausgrid compliance report for the 12-month period ended 31 December 2023.

We tested the obligation clauses as per the Ring-fencing Guideline and conducted interviews with key stakeholders to understand how Ausgrid satisfies each obligation. From our interviews we identified the key policies and procedures, processes and controls that management has put in place to satisfy each obligation.

We performed an analysis of the key controls that management has put into place to comply with each obligation, to understand whether control gaps exist which could enable an obligation to remain unsatisfied.

We then conducted limited sample testing over the identified controls to determine whether Ausgrid complied, in all material respects, with the Ring-Fencing Guideline over 1 January 2023 to 31 December 2023.

## Summary of Findings

For the current reporting period of 1 January 2023 to 31 December 2023 we have not identified any exceptions. An assessment of each obligation has been reported in Section 3.

## Limitations

Our methodology involved obtaining an understanding of the Ring-fencing Guidelines, identifying the obligation clauses as per the Ring-fencing Guideline applicable to Ausgrid, and designing and performing procedures to determine whether management controls are in place to satisfy the obligation clauses as per the Ring-Fencing Guideline. Our tests of controls were primarily conducted using inquiry, observation, and inspection procedures. In certain situations, we have relied upon representations from management through inquiry only.

Due to the limitations of this review, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected. This review does not ensure that compliance with the Ring-fencing Guideline will continue.

## 2. Assurance report



### Independent assurance report to the Directors of Ausgrid

To the Directors of Ausgrid and the Australian Energy Regulator

#### Scope

In accordance with the terms of engagement letter dated 22 April 2024, we were engaged by Ausgrid to perform an independent reasonable assurance engagement in respect of Ausgrid's Statement of Compliance with the Ring-fencing Guideline, in all material aspects, under clause 6.17.2 of the National Electricity Rules ("the Criteria") throughout the 12-month period ended 31 December 2023.

#### Ausgrid's responsibilities

Ausgrid is responsible for :

- (a) Providing a Statement with respect to the outcome of the evaluation of the compliance activity against the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules, which accompanies this independent assurance report.
- (b) Identification of the compliance requirements under the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules.
- (c) The compliance activity undertaken to meet the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules.
- (d) Identification and implementation of control which will mitigate those risk that prevent the compliance requirements of the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules being met and monitoring ongoing compliance.

#### Our independence and quality control

We have complied with the ethical requirements, of the Accounting Professional and Ethical Standard Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



## 2. Assurance report (continued)



Our firm applies Australian Standard on Quality Management ASQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our responsibility**

Our responsibility is to express an opinion based on Ausgrid's Statement of Compliance with the Criteria, for the 12-month period ended 31 December 2023.

An assurance engagement to report on Ausgrid's Statement of Compliance with the Criteria involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the Criteria. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the Ring-fencing Guideline.

Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements (ASAE 3100): Compliance Engagements: (reissued September 2008), which outlines the required standards for the conduct of and reporting of assurance engagements in compliance to meet the emerging needs of key stakeholders. The purpose of our audit is to provide reasonable assurance that Ausgrid has complied with clause 6.17.2 in the Ring -Fencing guidelines developed by AER along with the rules outlined in NER.

Our procedures selected were based upon our judgement, including the identification and assessment of risks of material non- compliance with the Ring-Fencing guidelines. The engagement team conducted meetings with the client, to obtain an understanding of activity and controls to gain evidence about the compliance with current obligations, reviewed supporting documentation provided by the client and evaluated reasonable assurance about whether Ausgrid's Statement of Compliance is fairly presented in that Ausgrid has complied, in all material respects, with the Ring-fencing Guidelines and NER throughout the 12-month period ending 31 December 2023.

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

### **Inherent limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.



## 2. Assurance report (continued)



A reasonable assurance engagement for the period ended 31 December 2023 does not provide assurance on whether compliance with the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules, will continue in the future.

### Use of report

This report was prepared for the use of the Directors of Ausgrid to assist them in fulfilling their reporting requirements to the AER in relation to the Annual Ring-fencing Compliance requirements and may not be suitable for any other purpose. Except as required by law the report may not be disclosed nor its contents published in any way (including on an internet website) without the prior written approval of PricewaterhouseCoopers. PricewaterhouseCoopers does not accept any responsibility or any liability to any party other than Ausgrid.

### Conclusion

#### Unqualified opinion

In our opinion, in all material respects, Ausgrid has prepared its Statement of Compliance with the Ring-fencing Guideline, in all material aspects, in accordance with clause 6.17.2 of the National Electricity Rule for the period 1 January 2023 to 31 December 2023.

[Redacted]  
PricewaterhouseCoopers

[Redacted]  
Craig Thomason

26 April 2024



### 3. Assessment of obligations



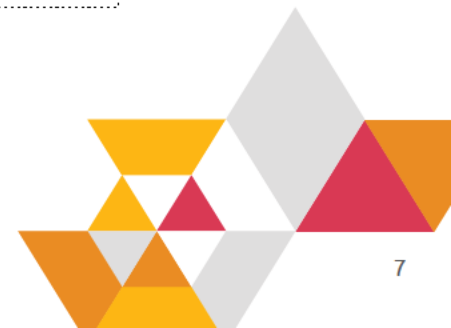
The Ausgrid Ring-fencing 12-month Compliance Report sets out the statement of compliance for the Regulatory period ended 31 December 2023. Our Independent Assurance Report to the Directors of Ausgrid and the Australian Energy Regulator is set out in Section 2 - Assurance report.

This report (Sections 3 to 5) provides additional detail of our procedures and results, to provide transparency into the controls Ausgrid has implemented to meet its Ring-fencing obligations. This is prepared at the request of Ausgrid, in consultation with the AER, and goes beyond the requirements of the Ring-fencing Guidelines.

In Section 5 we report our observations on each Ring-fencing Guideline and a control effectiveness rating. The table below summaries our rating and key observations against each obligation area of the Ring-fencing Guideline.

In Section 5, we have included details of any exceptions noted. In Section 5, we provide details of the work performed and results.

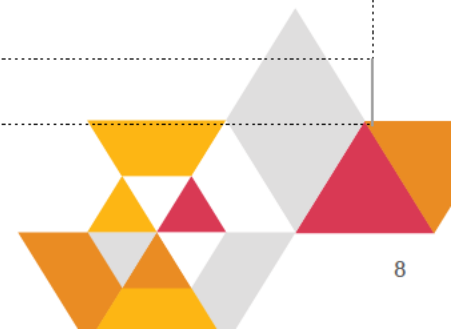
<b>Effective</b>	Controls in place are effective in meeting the obligation of the Ring-Fencing Guideline.
<b>Partially effective</b>	Controls in place are partially effective in meeting the obligation of the Ring-Fencing Guideline.
<b>Not effective</b>	Controls in place are not effective in meeting the obligation of the Ring-Fencing Guideline.



### 3. Assessment of obligations



Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
3.1	Legal Separation	Compliant	Effective	See observations 1 and 2 in section 4 of our report.
3.2.1	Separate accounts	Compliant	Effective	
3.2.2	Cost Allocation and attribution	Compliant	Effective	
4.1	Obligation to not discriminate	Compliant	Effective	
4.2.1	Physical separation/co-location	Compliant	Effective	
4.2.2	Staff sharing	Compliant	Effective	
4.2.3	Branding and cross-promotion	Compliant	Effective	
4.2.4	Office and staff registers	Compliant	Effective	
4.3.1	Protection of ring-fenced information	Compliant	Effective	





### 3. Assessment of obligations



Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
4.3.2	Disclosure of information	Compliant	Effective	
4.3.3	Sharing of information	Compliant	Effective	
4.3.4	Information register	Compliant	Effective	
4.3.5	No waiver	Compliant	Effective	
4.4	Service providers	Compliant	Effective	
5	Waivers	Compliant	Effective	
6.1	Maintaining Compliance	Compliant	Effective	See observation 3 in section 4 of our report.
6.2	Reporting	Compliant	Effective	
6.3	Compliance breaches	Compliant	Effective	



# 4. Observations noted

Through this year's assessment performed, we have identified 3 observations for Ausgrid.



## Current year observations (12 months to 31 December 2023)

Observation Reference	Obligation Reference	Ring-fencing Obligation	Observation	Comment
1	3.1 (b)	DNSP may not provide 'other services'	<p>Ausgrid stated that its Vulnerable Customer Protocol ("VCP") authorises staff to intentionally breach 3.1 (b) of the Guideline.</p> <p>Ausgrid considers customers to be vulnerable if they may be unable to source supply restoration services from contestable markets, thus endangering the health and safety of those customers.</p> <p>The VCP is only used in instances not covered by the 30-minute determination.</p>	<p>Management informed PwC of two instances of intentional breaches to this obligation during the reporting period. Given the ongoing implementation of the VCP, it is not unreasonable to expect breaches of this type could occur during the reporting period and again in the future.</p> <p>Ausgrid has been consistently transparent on the matter. It has communicated the VCP and its implications to the AER. Breaches occurring in prior years pursuant to the VCP have been reported in accordance with the Guideline.</p> <p>Please see <b>Control Ref. 12</b> in <b>Section 5</b> of this report for details (<b>page 13</b>).</p>
2	3.1(b)	DNSP may not provide 'other services'	<p>We used Ausgrid Computer Aided Service System (CASS) to obtain the list of jobs performed by Ausgrid during 2023. Using the jobs listing from CASS, we identified 48 instances of contestable services provided by Ausgrid during 2023 with recorded durations of over 50 minutes**. However, for all 48 jobs identified, we obtained explanations from Ausgrid that the actual time taken to perform the contestable service was less than the 30-minute determination.</p> <p>**Jobs over 50-minute durations were targeted from the CASS listing because management explained that on average, 20 minutes of the recorded duration relates to travel time to the job site. Therefore the 48 jobs identified were at a higher risk to have taken more than 30 minutes to perform the contestable service.</p>	<p>For the 48 instances identified, explanations were obtained from Ausgrid to justify why the provision of these services did not result in a significant breach of the ringfencing guidelines, and that the actual time taken to perform the contestable service was less than the 30-minute determination. These explanations included longer than expected durations for travel, delays caused by site access issues, additional time taken for technical diagnosis of faults etc. During the process of providing explanations, data integrity issues with the CASS were also identified by management, where the recorded dispatch time was later than the recorded job attendance time. We were able to corroborate a sample of these comments to the field notes provided by the technicians, which we consider to be sufficient evidence that our observation has not resulted in a breach of this obligation.</p> <p>We also noted that data relating to the duration of the jobs performed in the CASS does not distinguish between time spent for travel and time spent performing the contestable service. This suggests an improvement opportunity for how the job duration data is captured in the CASS System, which would improve effectiveness of this control in aiding with the identification of a potential breach of this obligation.</p> <p>Please see <b>Control Ref. 80</b> in <b>Section 5</b> of this report for details (<b>page 15</b>).</p>

\*Other service are defined by the AER as services other than distribution or transmission services.



## 4. Observations noted (continued)

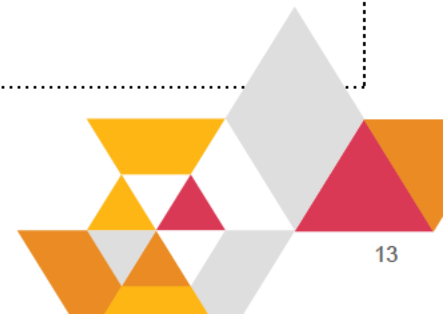
Current year observations (12 months to 31 December 2023)				
Observation Reference	Obligation Reference	Ring-fencing Obligation	Observation	Comment
3	6.1	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this guideline.	We identified 14 employees who had not completed their annual mandatory Ring-Fencing training out of the entire population of Ausgrid and PLUS ES staff at the time of our testing procedures in mid March 2024. The annual mandatory training includes Ring-Fencing training.	<p>The annual mandatory training is one of the internal procedures established by Ausgrid to ensure that employees of the group are aware of the compliance requirements of the Ring-Fencing guideline.</p> <p>While 14 employees were found to have not completed the annual mandatory training as at March 2024, this comprises of approximately 0.4% of the entire population of Ausgrid and PLUS ES employees, which is not considered to be a material number of employees compared with the total. Furthermore, we note the existence of other mitigating controls in place, acting as detective and/or preventative controls for this obligation, and, as such, we do not consider the non-completion of training by 14 employees to be a significant or material breach of obligation 6.1.</p> <p>Please see <b>Control Ref. 70</b> in <b>Section 5</b> of this report for details (<b>page 49</b>).</p>



## 5. Details and testing results

The table below outlines a summary of the work performed for each obligation in the Ring-fencing Guidelines, the results from the procedures, and whether Ausgrid has complied with the Ring-fencing Guidelines over the 12- Month period ending 31 December 2023, including any breaches or other areas for improvement in policies, procedures or controls identified at Ausgrid.

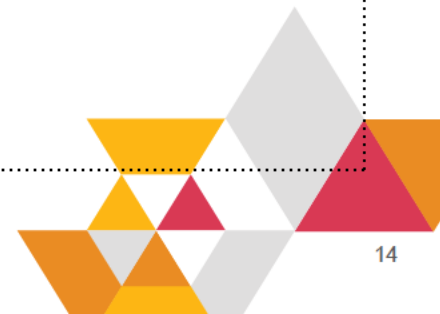
Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
1	<b>3.1 (a)</b> A DNSP must be a legal entity.	Maintain Australian Company status of the DNSP	<ul style="list-style-type: none"> <li>We obtained and inspected the Legal Entity Structure for Ausgrid and PLUS ES.</li> <li>We independently conducted an ABN and an ACN lookup for Ausgrid and PLUS ES to validate that they are separate entities.</li> </ul>	<p>The legal entity structure clearly demonstrates the separation between Ausgrid as the Network operating partner (NOP) and Plus ES as the Network unregulated partner (NUP).</p> <p>The ASIC search validated that Ausgrid and PLUS ES are separate legal entities with separate ABN and ACN numbers.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
15		Ensure Distributor's Licence remains valid and current	<ul style="list-style-type: none"> <li>We obtained and inspected the Distributors Licence issued to Ausgrid from IPART and was signed by the Minister for Industry, Resources, and Energy on 28 November 2016. We noted that the license is issued to the legal entity of Ausgrid Operator Partnership under the Electricity Supply Act 1995 (NSW).</li> <li>We also inspected the variation to the Licence dated 7 September 2023, which was signed by the Minister of Energy.</li> </ul>	<p>Ausgrid holds a valid and current Distributors Licence which is concurrent with the version published on the IPART external website. Based on the procedures performed we have not identified any matters of exception.</p>





## 5. Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
10	<p><b>3.1 (b)</b> Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services</p>	<p>Ausgrid's website assists customers to find an ASP to perform contestable services</p>	<ul style="list-style-type: none"> <li>• We inspected the Ausgrid website to ensure that it clearly lists ASP providers who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services. The website also informs customers that Ausgrid does not perform contestable services.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
12		<p>Vulnerable customer protocol is applied by Field Operations Group</p>	<ul style="list-style-type: none"> <li>• We inspected that Ausgrid had a vulnerable customer protocol (VCP) in place which is readily accessible to the Field Operation units to apply in situations where required.</li> <li>• We inspected the Vulnerable Customer Protocol to ensure that its wording covered specific instances in which it should be enacted.</li> <li>• We inspected all jobs throughout the year and found two instances in which the Vulnerable Customer Protocol was enacted.</li> </ul>	<p>Management informed PwC of two instances of intentional breaches to this obligation during the reporting period. Given the ongoing implementation of the VCP, it is not unreasonable to expect breaches of this type could occur during the reporting period and again in the future.</p> <p>Ausgrid has been consistently transparent on the matter. It has communicated the VCP and its implications to the AER. Breaches occurring in prior years pursuant to the VCP have been reported in accordance with the Guideline.</p>





## 5. Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
49	<p><b>3.1 (b)</b> Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services</p>	<p>Services Agreement clearly defines the services the DNSP entity will provide, and what the affiliate will provide.</p>	<ul style="list-style-type: none"> <li>• We inspected the Ausgrid and PLUS ES Corporate Services Agreement, which clearly defines the separation of works each entity can perform. Ausgrid can perform supply and distribution services and PLUS ES can perform other (contestable) Services.</li> <li>• We identified shared corporate service arrangements that are in place per the Corporate Services Agreement between Ausgrid and PLUS ES and ensured these are clearly defined, processes are in place and in line with compliance requirements under 3.2.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
73		<p>Field Operations Staff advised and regularly reminded of AER 30-minute determination regarding contestable work.</p>	<ul style="list-style-type: none"> <li>• We inspected the contents of the mandatory training module of "Ring Fencing Essential". This training is an annual requirement for all frontline employees and the 30-minute rule is also included in this course as an annual reminder.</li> <li>• Per discussion with ARC team and inspecting other ring-fencing related communications issued to employees throughout the reporting period, we noted no other reminders issued specific to the 30 minute rule.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
80	<p><b>3.1 (b)</b> Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services</p>	<p>Annual Compliance Review of '30 Minute jobs' data in CASS</p>	<ul style="list-style-type: none"> <li>We obtained evidence of the Annual Compliance Review of the '30 Minute jobs' data which was issued by the ARC team. The review demonstrated a detailed review and analysis of all jobs logged in the CASS system pertaining to the reporting period.</li> <li>We performed further validation procedures by using the CASS listing to identify jobs performed during the reporting period by field operators that were outside the acceptable threshold of 30 minutes.</li> </ul>	<p>We used Ausgrid Computer Aided Service System (CASS) to obtain the list of jobs performed by Ausgrid during 2023. Using the jobs listing from CASS, we identified 48 instances of contestable services provided by Ausgrid during 2023 with recorded durations of over 50 minutes**. However, for all 48 jobs identified, we obtained explanations from Ausgrid that the actual time taken to perform the contestable service was less than the 30-minute determination.</p> <p>**Jobs over 50-minute durations were targeted from the CASS listing because management explained that on average, 20 minutes of the recorded duration relates to travel time to the job site. Therefore the 48 jobs identified were at a higher risk to have taken more than 30 minutes to perform the contestable service.</p>
78	<p><b>3.1 (d) (vii)</b> This clause 3.1 does not prevent a DNSP: 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;</p>	<p>Quarterly Review of Scale of Ausgrid Business Activities as a supplier of other services as a SAPS Resource Provider</p>	<ul style="list-style-type: none"> <li>We obtained evidence of the Quarterly Review performed by the ARC team during the year. The review was able to demonstrate that the SAPS register published on Ausgrid's public website is updated based on the scale of other services undertaken by the SAPS in consultation with the network management team. The review also demonstrates the consideration of any expected changes in activity in the future that the ARC team should be aware of in updating the register.</li> <li>We obtained a sample of two quarterly reviews performed during the year to validate: <ul style="list-style-type: none"> <li>Review was consistently undertaken by ARC during the year;</li> <li>Completeness of any breaches or potential to exceed the generation revenue cap stipulated under the obligations; and</li> <li>Evidence of approval over the reviews including that SAPS register published on the website.</li> </ul> </li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
3	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.	AER approved Cost Allocation Methodology in place	<ul style="list-style-type: none"> <li>• We inquired with the Commercial Finance team on the Ausgrid and PLUS ES Cost Allocation Methodology review process.</li> <li>• We inspected the approvals from the AER on the CAM used.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
72	i. provide its internal accounting procedures to the AER; and / or ii. report on transactions between the DNSP and its affiliated entities.  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 between distribution services and non-distribution services.	Annual review of the application of the Cost Allocation Methodology is undertaken	<ul style="list-style-type: none"> <li>• We obtained evidence of the annual review being undertaken over the CAM by the Commercial Finance team. We note that the scope of the review covers all cost allocators across Ausgrid's line of business including PLUS ES. We validated the internal approvals for the annual review undertaken.</li> <li>• Furthermore, we performed an annual audit over the regulatory information notice submitted to the AER, and as part of the work performed, the Audit team reviewed whether the cost allocation over the year has been in line with the approved CAM. No issues were noted as part of the FY23 RIN audit.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
17	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.	Documented process in place for affiliate related financial journal transfers	<ul style="list-style-type: none"> <li>• We obtained the end-to-end policy document from Management which outlines the process for internal accounting procedures between Ausgrid and PLUS ES. The policy clearly demonstrates the steps needing to be followed to verify completeness of internal transactions, the reviews and approvals required to initiate, record and transfer journals, accountabilities across the finance team and aligned with the approved CAM.</li> <li>• We performed sampling procedures over 3 month-end journal transfer and reconciliations to evidence that the process was in line with the policy in place. We verified that these transactions were in accordance with the CAM and in line with the Corporate Services Agreement to verify if there were any instances of other services being provided which would otherwise be restricted under the guideline.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.





## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
48	<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>i. provide its internal accounting procedures to the AER; and / or</p>	<p>Separate SAP accounting for affiliates</p>	<ul style="list-style-type: none"> <li>• We enquired with the financial control team about the SAP systems used by Ausgrid and PLUS ES, and inspected the SAP systems to ensure a separate system exists for each entity. Ausgrid uses SAP ECC 6 and PLUS ES uses SAP S/4 HANA.</li> <li>• We inspected the user access requirement to the system. Staff with access to 'PRD' in logon screen was for Ausgrid accounting and 'R19' was for PLUS ES. Users with access to both such as finance team, may have the same username but a different password to access the individual systems.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
50	<p>ii. report on transactions between the DNSP and its affiliated entities.</p> <p>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 between distribution services and non-distribution services.</p>	<p>Services Agreement established between the parent and affiliate entities deals with apportionment of costs for shared services</p>	<ul style="list-style-type: none"> <li>• We performed enquiries with the Ausgrid Legal team regarding the corporate services agreement and inspected the service agreement to ensure sharing of services are clearly defined between Ausgrid and PLUS ES, and the apportionment of costs for shared services.</li> <li>• We performed sampling procedures over intercompany invoices issued and tied them back to the month end intercompany reconciliations and journal transfers including the evidence of review and approvals. We confirmed that the invoices clearly identified the services performed by Ausgrid for PLUS ES and the nature of work performed transactions were acceptable services under the agreement and the allocation of costs are in line with the approved CAM.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
69	<p>3.2.2 (b) A DNSP must only allocate or attribute costs to distribution services in accordance with clause 3.2.2(a), and must not allocate or attribute other costs to the distribution services it provides.</p>	<p>Finance team regularly reviews the Labour Services Agreement and on-loan arrangement invoices</p>	<ul style="list-style-type: none"> <li>• We enquired with the Ausgrid Finance team regarding the Labour Services Agreement (LSA) and on-loan arrangement review process. We note that allocation of staff costs are validated through a review of on-loan and secondment invoices as part of the month-end intercompany reconciliation process. This control ensure costs are allocated correctly and in accordance with the Labour Services Agreement.</li> <li>• We tested 3 samples of on-loan and secondment employee expenses to ensure: <ul style="list-style-type: none"> <li>○ Such costs are recorded in line with the LSA and appropriate per the CAM requirements;</li> <li>○ The services are permissible under Corporate Services Agreement; and</li> <li>○ The transactions were traceable and captured in the month-end reconciliation and approval process.</li> </ul> </li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
18	<b>3.2.2 (c)</b> 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).	Documented process in place for storage of affiliate related transactions/invoices	<ul style="list-style-type: none"> <li>We obtained an understanding of how transactions and information are maintained separately across accounting systems and storage location between Ausgrid and PLUS ES.</li> <li>We obtained evidence of storage locations in server drives clearly separated between Ausgrid and PLUS with restricted user access in line with the requirements governed by the Corporate Services Agreement.</li> <li>Ausgrid and PLUS ES maintain separate accounting systems with appropriate user access restrictions.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
10	<b>4.1 (b)</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: <ol style="list-style-type: none"> <li>direct control services by the DNSP (whether to itself or to any other legal entity); and / or</li> <li>contestable electricity services by any other legal entity.</li> </ol>	Ausgrid's website assists customers to find an ASP to perform contestable services.	<ul style="list-style-type: none"> <li>We inspected the Ausgrid website to ensure that it clearly lists ASP providers who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services. The website informs customers that Ausgrid does not perform contestable services.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
11	<p><b>4.1 (b)</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> <ul style="list-style-type: none"> <li>i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or</li> <li>ii. contestable electricity services by any other legal entity.</li> </ul>	Contact Centre scripts include generic references to contestable service providers.	<ul style="list-style-type: none"> <li>• We inspected the documentation of Call Centre scripts and validated references to contestable services and restrictions of discriminating against other service providers, specific ring-fencing guidelines and guidance on reporting and breaches, no specific mention of PLUS ES as a service provider, and promotion of competition in the contestable market.</li> <li>• We obtained samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes which includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. We verified there were no instances of breaches to ring-fencing guidelines for the samples tested.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
10	Without limiting its scope, clause <b>4.1(b)</b> requires a DNSP to: 4.1 (c) (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);	Ausgrid's website assists customers to find an ASP to perform contestable services.	<ul style="list-style-type: none"> <li>• We inspected the Ausgrid website to ensure that it clearly lists ASP providers who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services. The website informs customers Ausgrid does not perform contestable services.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
23	<p>Without limiting its scope, clause 4.1(b) requires a DNSP A to:</p> <p><b>4.1 (c) (ii)</b> in like circumstances, deal or offer to deal with a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider on substantially the same terms and conditions;</p> <p><b>4.1 (c) (iii)</b> 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>	Metering Services Agreements in place between Ausgrid and PLUS ES	<ul style="list-style-type: none"> <li>• We obtained a copy of the Metering service agreement which demonstrates that Ausgrid and PLUS ES are not related parties in the contract. The agreement dictates specific ring-fencing obligations that both parties need to comply with. We note that the agreements sets out the pricing arrangement and KPIs that need to be met as part of the agreement for regulatory compliance.</li> <li>• We inspected samples of management's monthly service level agreement quality review which tracks the provision of PLUS ES services in accordance with the KPIs dictated in the agreement.</li> <li>• We obtained a sample of invoices issued during the reporting period and traced them back to the agreement to validate services billed are in line with the terms agreed upon.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)

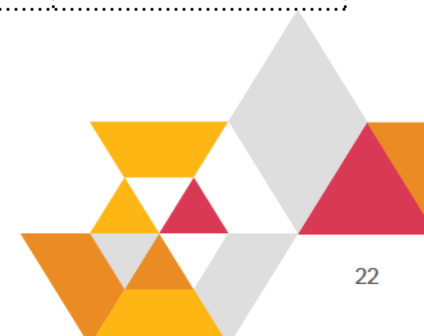


Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
34	<p>Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p><b>4.1 (c) (i)</b> in dealing or offering to deal with a related electricity service provider, treat the related electricity 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>Plus ES has its own policy on how it manages RF risk in its dealings with Ausgrid</p>	<ul style="list-style-type: none"> <li>We inspected the PLUS ES policy which sets out the obligations for all PLUS ES employees and the processes to follow in managing ring-fencing guidelines. The responsibilities are clearly defined to ensure awareness of ring-fencing risks when dealing with Ausgrid.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
4	<p>Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p><b>4.1 (c) (ii)</b> in like circumstances, deal or offer to deal with a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider on substantially the same terms and conditions;</p>	<p>PLUS ES staff do not have access to Ausgrid intranet site.</p>	<ul style="list-style-type: none"> <li>We selected sample of employees to validate system user access restrictions between Ausgrid and PLUS ES and inspected a sample of system logs during the reporting period to validate that user access was in line with the system rules.</li> <li>We confirmed that any central business updates are supported by two separate links for Ausgrid and PLUS ES intranet sites.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
5	<p><b>4.1 (c) (iii)</b> 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>Allowable uses of confidential information stored in ICT systems defined.</p>	<ul style="list-style-type: none"> <li>We obtained the policy document to validate that the documentation clearly defines the identification, labelling, handling and allowable uses of confidential information.</li> <li>We selected a sample of internal documents and confirmed that all publications are appropriately labelled and handled as per the policy.</li> <li>We confirmed a sample of emails distributed during the year which required appropriate labelling and required management approvals for confidential information before being sent to the recipient.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



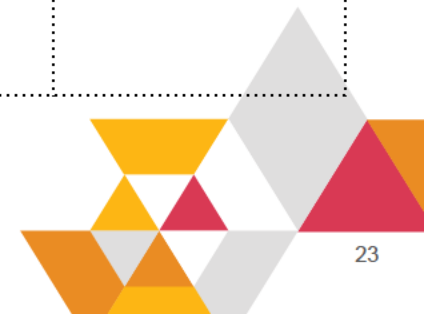
Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
20	<p><b>4.1 (c) iv</b> subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential 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>ICT system access is permissioned based on Critical Operational Analysis</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of system user access controls in place and validated that all user access is defined based on the employee's role and the critical operational analysis to limit access to only information required to perform their role.</li> <li>• We obtained user access and system logs for the reporting period to validate for sample of line items that the employee access was in line with their role based criteria.</li> <li>• We obtained samples from the population of terminated, new hires, seconded employees and role changes to validate the following:               <ul style="list-style-type: none"> <li>○ Verify the right levels of access were provided for new role</li> <li>○ Previous role and access were terminated</li> <li>○ Ensure consistency with the role based access requirements</li> </ul> </li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
27		<p>Processes to protect the privacy of confidential information are defined</p>	<ul style="list-style-type: none"> <li>• We inspected policies in place to adhere to privacy and confidentiality requirements and note that the policies clearly define the procedures to follow in the event of a potential breach (e.g. the privacy playbook)</li> <li>• We verified the adherence to policy by the report of potential privacy incidents during the reporting period which were identified through the compliance management system and validated that the procedures per the policy guidelines were followed. No breaches were identified and incidents were closed with no impact.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
44	<p><b>4.1 (c) (iv)</b> 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>Role based system access requirements defined for PLUS ES staff</p>	<ul style="list-style-type: none"> <li>• We inspected the PLUS ES usage system documents to identify PLUS ES roles which require access to Ausgrid system to provide other services defined as permissible under the AER guidelines.</li> <li>• We performed sampling procedures over the relevant PLUS ES employees and employee movements to check that user access is maintained based on defined roles and permissible per the AER guidelines.</li> <li>• We reviewed management's User Access Review to confirm regular monitoring and maintenance of system user access changes.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
51	<p><b>4.1 (c) (iv)</b> 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>User access control and review regularly undertaken by Cyber team following documented procedure</p>	<ul style="list-style-type: none"> <li>• We obtained the User Access Review guidelines from Management to understand the scope and procedures in place. We validated that the policy outlines a formal set of procedures to be undertaken, including appropriate approvals in order to ensure user access across the systems are annually reviewed for all employees.</li> <li>• We obtained the evidence of the annual user access review performed by the Information security team including evidence of approvals for the review performed.</li> <li>• We performed sampling procedures over any employee movements to ensure that user access for those employees are appropriately reviewed, validated in line with the user access guidelines (Ring 20).</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
58	4.1 (c) iv subject to clause 4.3.2(b), not disclose to a related electricity service provider	Identify Access Management (IAM) application automatically updates access based on role.	<ul style="list-style-type: none"> <li>• We performed a walkthrough using a sample of employee to under how changes in employee roles are updated in the IAM system.</li> <li>• For a sample of employee movements between Ausgrid and PLUS ES during the reporting period we validated that the IAM system access were updated based on the new roles defined and in line with user access guidelines.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
63	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.	Identity and access management system has specialised rules for secondary accounts associated with on-loan arrangements.	<ul style="list-style-type: none"> <li>• We performed a walkthrough with management to understand the annual user access review over IAM process, the process for user access changes when staff roles change (including on-loan/seconded), and the process for the maintenance and review of the MBS file.</li> <li>• We selected a sample of employees across on-loan staff, seconded staff and staff defined under the MBS listing to verify the following:               <ul style="list-style-type: none"> <li>○ The defined levels of access are in line with business expectations;</li> <li>○ Previous role, access, emails are revoked;</li> <li>○ Change in email IDs and employee numbers;</li> <li>○ Changes in the system to reflect new staff role; and</li> <li>○ Ensure ring-fencing obligations from user access and information sharing perspective is protected.</li> </ul> </li> <li>• We obtained evidence that the Annual review of the user access performed by the information security team during the reporting period to monitor and maintain system user access.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
64		The ICT team applies the documented information security incident management procedure for all information security incidents.	<ul style="list-style-type: none"> <li>• We obtained the relevant policy documents to understand the policies in place for managing information security incidents. The policies clearly define the procedures that need to be followed in the event of any incidents including ring-fencing related matters.</li> <li>• We obtained a sample of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No information security incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
64	<b>4.1 (c ) (iv)</b> 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.	The ICT team applies the documented information security incident management procedure for all information security incidents.	<ul style="list-style-type: none"> <li>We obtained the relevant policy documents to understand the policies in place for managing information security incidents. The policies clearly define the procedures that need to be followed in the event of any incidents including ring-fencing related matters.</li> <li>We obtained a sample of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No information security incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
75		Legal & Compliance Privacy Playbook interrogates non-compliance with RFG re information sharing	<ul style="list-style-type: none"> <li>We reviewed the legal Privacy playbook to understand and evaluate the process in place to detect and report any non-compliance incidents. The Privacy playbook clearly outlines the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guidelines.</li> <li>We obtained evidence of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No privacy incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
77		Approval checks before some types of sensitive or classified information can be shared via email outside Ausgrid	<ul style="list-style-type: none"> <li>We obtained an understanding of policies and system checks in place that support the identification, handling and authorisation matrix before such information can be shared or distributed through emails.</li> <li>We performed sampling procedures over sensitive emails distributed throughout the reporting and ensured that management approvals were obtained prior to being released to the recipient as per the policy guidelines.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.



# 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
9	<p><b>4.2.1 (a)</b> 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> <p><b>4.2.1 (b)</b> Clause 4.2.1(a) does not apply in respect of:</p> <ol style="list-style-type: none"> <li>i. offices for staff who, in the course of their duties:               <ol style="list-style-type: none"> <li>a. do not have access to electricity information;</li> <li>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</li> </ol> </li> <li>ii. providing assistance to the extent necessary to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</li> </ol>	Shared amenities analysis undertaken	<ul style="list-style-type: none"> <li>• We obtained an understanding of all Ausgrid's premises and site locations including shared locations between Ausgrid and PLUS ES. A detailed risk analysis is undertaken by the ARC team over all ring-fencing registers to restrictions to ring-fenced information are adhered to in shared locations between Ausgrid and PLUS ES.</li> <li>• We performed the following procedures to validate ARC team's analysis of shared amenities and review of ring-fencing registers:               <ul style="list-style-type: none"> <li>○ Validated the review and approval of the shared accommodation analysis as part of the quarterly review of ring-fencing registers published on the public website;</li> <li>○ Conducted physical site inspections to ensure physical access restrictions for Ausgrid and PLUS ES employees to only areas applicable to their employer operations; and</li> <li>○ Performed sampling procedures over physical site access logs to identify any unauthorised access between Ausgrid and PLUS ES employees.</li> <li>○ We obtained evidence of annual review of physical access conducted by ARC team which also covers shared office spaces and physical access controls.</li> </ul> </li> </ul>	<p>Our procedures note that in shared locations, Ausgrid and PLUS ES offices are clearly separated with appropriate physical access restrictions to protect ring-fenced information.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
24	<ol style="list-style-type: none"> <li>iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or</li> <li>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</li> </ol>	Physical access granted to sites/offices is based on role and entity	<ul style="list-style-type: none"> <li>• We conducted site visits across 2 locations to confirm:               <ul style="list-style-type: none"> <li>○ Physical separation of PLUS ES and Ausgrid operations;</li> <li>○ Employee access cards are separately identifiable between Ausgrid and PLUS ES; and</li> <li>○ Restricted access with key card systems to access control rooms and sensitive areas.</li> </ul> </li> <li>• We reviewed physical system access logs to validate no unauthorised access in highly sensitive and ring-fenced information areas during the reporting period.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
79	<p><b>4.1(d)</b> A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p>	<p>Quarterly Review of NSW Battery Storage Markets: competitive dynamics and scale of Ausgrid's activities</p>	<ul style="list-style-type: none"> <li>Based on discussions with management, the scale of Ausgrid's battery storage projects are not significant – i.e. the revenue value of Ausgrid's NSW battery services does not exceed the threshold as set by the AER. As such, management confirmed this control was not performed as the risk exposure is immaterial.</li> </ul>	<p>N/A - Control was not performed due to the insignificance of the NSW Battery Storage projects.</p>
29	<p><b>4.2.1 (a)</b> 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> <p><b>4.2.1 (b)</b> Clause 4.2.1(a) does not apply in respect of:</p> <ol style="list-style-type: none"> <li>offices for staff who, in the course of their duties:               <ol style="list-style-type: none"> <li>do not have access to electricity information;</li> <li>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</li> </ol> </li> </ol>	<p>Workspaces physically segregated</p>	<ul style="list-style-type: none"> <li>We conducted site visits and requested room access log across 3 locations to confirm:               <ul style="list-style-type: none"> <li>Physical separation of PLUS ES and Ausgrid operations</li> <li>Employee access cards are separately identifiable between Ausgrid and PLUS ES</li> <li>Restricted access with key card systems to access control rooms and sensitive areas.</li> </ul> </li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
33	<p><b>4.2.1 (c)</b> 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> <ol style="list-style-type: none"> <li>providing assistance to the extent necessary to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</li> <li>regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or</li> <li>any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</li> </ol>	<p>Procedure in place to articulate office accommodation and security approach for staff working for PLUS ES</p>	<ul style="list-style-type: none"> <li>We conducted site visits to confirm physical separation across shared locations between Ausgrid and PLUS ES operations.</li> <li>We obtained the Staff Sharing Register published on Ausgrid's website per AER guidelines and confirmed with the ARC team that the Register has been reviewed and is up to date.</li> <li>We obtained evidence of annual review of physical access conducted by ARC team which also covers shared office spaces and physical access controls.</li> </ul>	

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
45	<p><b>4.2.1 (a)</b> 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> <p><b>4.2.1 (b)</b> Clause 4.2.1(a) does not apply in respect of:</p> <ol style="list-style-type: none"> <li>offices for staff who, in the course of their duties:               <ol style="list-style-type: none"> <li>do not have access to electricity information;</li> <li>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</li> <li>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).</li> </ol> </li> <li>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;</li> <li>regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or</li> <li>any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</li> </ol>	Separate key system for Plus ES to access Ausgrids substations and other sites where necessary	<ul style="list-style-type: none"> <li>We conducted site visits across 3 locations to confirm:               <ul style="list-style-type: none"> <li>Physical separation of PLUS ES and Ausgrid operations;</li> <li>Employee access cards are separately identifiable between Ausgrid and PLUS ES; and</li> <li>Restricted access with key card systems to access control rooms and sensitive areas.</li> </ul> </li> <li>We reviewed physical system access logs to validate no unauthorised access in highly sensitive and ring-fenced information areas during the reporting period.</li> </ul>	<p>During our site visit, we observed that PLUS ES and Ausgrid have substations separated by location within the same site, and the PLUS ES staff do not have access to Ausgrid's substation and vice versa.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
65		ARC Perform Annual Reviews of Physical Access	<ul style="list-style-type: none"> <li>We discussed with management how review over physical access registers is performed. We understand that this review occurs annually.</li> <li>We inspected the document "D24 38872 Restricted Access Review 2023 Contact List", which documents the progress of the review performed by ARC at each Ausgrid/PLUS ES site that requires Ringfencing controls. While some of the sites are still pending completion, this is considered to be sufficient evidence that a review by ARC has been undertaken.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
8	<p><b>4.2.2</b> Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p><b>4.2.2 (b)</b> Clause 4.2.2(a) does not apply in respect of:</p> <ol style="list-style-type: none"> <li>i. a member of staff who, in the course of their duties:           <ol style="list-style-type: none"> <li>a. does not have access to electricity information;</li> <li>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</li> </ol> </li> <li>c. only has 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);</li> </ol>	Formal process governs the secondment of Ausgrid staff to any affiliate	<ul style="list-style-type: none"> <li>• We obtained the policy document governing the secondment of staff and duties and responsibilities of Ausgrid Managers while approving staff applications for secondments.</li> <li>• We obtained the Staff Sharing Register published on Ausgrid's website and confirmed with the ARC team that the Register has been reviewed and is up to date.</li> <li>• We performed sampling procedures over employee movements between Ausgrid and PLUS ES during the reporting period to check whether employee access and roles were updated in line with ring-fencing guidelines.</li> </ul>	<p>We noted the staff sharing register has been made public on Ausgrid's company website. The register is reviewed on a quarterly basis.</p> <p>There is adequate documentation in the Secondment policy regarding the formal process for secondment of Ausgrid staff to any affiliate and is in line with the ring-fencing Guideline.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
16	<ol style="list-style-type: none"> <li>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;</li> <li>iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or</li> <li>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</li> </ol> <p><b>4.4.4 (d)</b> 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>	Formal process governs the short-term supply of Ausgrid staff to any affiliate		<p>We noted the staff sharing register is made public on the Ausgrid website. The register is reviewed on a quarterly basis.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
24	<p><b>4.2.2</b> Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p><b>4.2.2 (b)</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>	Physical access granted to sites/offices is based on role and entity	<ul style="list-style-type: none"> <li>● We conducted site visits across 2 locations to confirm:               <ul style="list-style-type: none"> <li>○ Physical separation of PLUS ES and Ausgrid operations;</li> <li>○ Employee access cards are separately identifiable between Ausgrid and PLUS ES; and</li> <li>○ Restricted access with key card systems to access control rooms and sensitive areas.</li> </ul> </li> <li>● We reviewed physical system access logs to validate no unauthorised access in highly sensitive and ring-fenced information areas during the reporting period.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
55	<p>c. only has 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 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> <p><b>4.4.4 (d)</b> 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>	Staff sharing requests can be routed to ARC team for advice/analysis/ approval	<ul style="list-style-type: none"> <li>● We obtained the staff sharing register published in Ausgrid's website and enquired with Management regarding the process of maintenance and review of the register.</li> <li>● We conducted testing over the quarterly review of the register to ensure this was performed consistently throughout regulatory period and confirmed the latest version of the register is available on Ausgrid's public website.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
56	<p><b>4.2.2 (a)</b> Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p><b>4.2.2 (b)</b> Clause 4.2.2(a) does not apply in respect of:</p> <ol style="list-style-type: none"> <li>i. a member of staff who, in the course of their duties:               <ol style="list-style-type: none"> <li>a. does not have access to electricity information;</li> <li>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</li> <li>c. only has 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);</li> </ol> </li> <li>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;</li> <li>iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or</li> <li>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</li> </ol> <p><b>4.4.4 (d)</b> 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>	Staff profile changes readily identified via HR Essentials system	<ul style="list-style-type: none"> <li>• We enquired with Management on the process for updating staff profile changes and how this impacts system and physical access across the network. This control prevents employees having access to Ausgrid and PLUS ES systems or premises at the same time and prevents having access to protected information and maintain distinction between Ausgrid employees and PLUS ES employees.</li> <li>• We performed testing over employee role changes and movements during the reporting period to confirm that the staff roles and access credentials in HR system are updated and monitored.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
65	<ol style="list-style-type: none"> <li>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;</li> <li>iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or</li> <li>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</li> </ol> <p><b>4.4.4 (d)</b> 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>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> <li>• We discussed with management how review over physical access registers is performed. We understand that this review occurs annually.</li> <li>• We inspected the document "D24 38872 Restricted Access Review 2023 Contact List", which documents the progress of the review performed by ARC at each Ausgrid/PLUS ES site that requires Ringfencing controls. While some of the sites are still pending completion, this is considered to be sufficient evidence that a review by ARC has been undertaken.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)

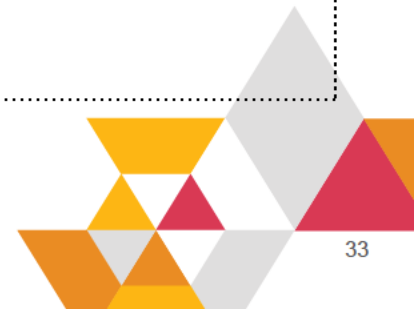


Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
6	<p><b>4.2.2 (c)</b> The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's obligations under this Guideline.</p>	Performance Awards/incentives are not allowed where performance achieved by breaching regulatory requirements	<ul style="list-style-type: none"> <li>We obtained the policy documents and verified specific guidelines which prevent performance rewards where they have breaches to any regulatory requirements such as ring-fencing requirements.</li> <li>We obtained the annual employee scorecard review performed by management and identified no evidence of regulatory non-compliance.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
22		Measures used to assess staff performance do not support cross-subsidisation		Based on the procedures performed we have not identified any matters of exception.
46	<p><b>4.2.3 (a) (i)</b> A DNSP 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>	Separate branding guidelines established for PLUS ES	<ul style="list-style-type: none"> <li>To verify the Ring-Fenced branding guidelines, we obtained the Ausgrid Ring-Fencing policy and the PLUS ES Ring-Fencing policy.</li> <li>We performed the following procedures to ensure branding guidelines were adhered to:                             <ul style="list-style-type: none"> <li>Conduct physical site inspections at a depot comprising of both Ausgrid and PLUS ES staff</li> <li>Inspect Ausgrid and PLUS ES websites</li> <li>Inspect company assets and equipment</li> <li>Inspect employee ID cards and uniforms</li> </ul> </li> </ul>	Based on the procedures performed we have not identified any matters of exception.
47		Separate ID Cards for PLUS ES staff		<ul style="list-style-type: none"> <li>We performed sampling procedures over Ausgrid and PLUS ES staff IDs to ensure they are unique and separately identifiable including the company logo, branding and physical access to restricted areas subject to ring-fencing compliance.</li> </ul>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
11	<p>A DNSP:  <b>4.2.3 (a) (ii)</b> 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><b>4.2.3 (a) (iii)</b> must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself.</p>	Contact Centre scripts include generic references to contestable service providers.	<ul style="list-style-type: none"> <li>• We inspected the documentation of Call Centre scripts and validated references to contestable services and restrictions of discriminating against other service providers, specific ring-fencing guidelines and guidance on reporting and breaches, no specific mention of PLUS ES as a service provider, and promotion of competition in the contestable market.</li> <li>• We obtained samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes which includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. We verified there were no instances of breaches to ring-fencing guidelines for the samples tested.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
40	<p><b>4.2.3 (a) (iii) (a)</b> A DNSP:            iii. must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself</p>	Ring-fencing issues highlighted in Contact Centre Management Reports		Based on the procedures performed we have not identified any matters of exception.





## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
28	<p><b>4.2.4 A</b> 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>	Office and Staff Sharing registers are published on Ausgrid's external website and periodically reviewed for accuracy	<ul style="list-style-type: none"> <li>We obtained evidence of ARC team's quarterly review of of the staff sharing register and the office sharing register.</li> <li>We checked Ausgrid's public website to verify that the latest version of the registers are readily accessible to the public and in line with ring-fencing guidelines.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
65	<p>(iii) the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> <li>We discussed with management how review over physical access registers is performed. We understand that this review occurs annually.</li> <li>We inspected the document "D24 38872 Restricted Access Review 2023 Contact List", which documents the progress of the review performed by ARC at each Ausgrid/PLUS ES site that requires Ringfencing controls. While some of the sites are still pending completion, this is considered to be sufficient evidence that a review by ARC has been undertaken.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
81	<p><b>4.2.4 (b)</b> No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).</p>	Quarterly review of all RF Registers	<ul style="list-style-type: none"> <li>We obtained evidence of ARC team's quarterly review in Q3 of 2023 of all Ring-fencing registers which includes the physical access registers.</li> <li>We checked Ausgrid's public website to verify that the latest version of the register is readily accessible to the public and in line with ring-fencing guidelines.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)

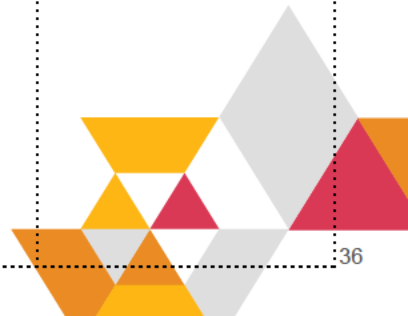


Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
20	<p><b>4.3.1</b> Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and (b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p><b>4.3.2</b> Disclosure of information A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p>	ICT system access is permissioned based on Critical Operational Analysis	<ul style="list-style-type: none"> <li>• We obtained an understanding of system user access controls in place and validated that all user access is defined based on the employee's role and the critical operational analysis to limit access to only information required to perform their role.</li> <li>• We obtained user access and system logs for the reporting period to validate for sample of line items that the employee access was in line with their role based criteria.</li> <li>• We obtained samples from the population of terminated, new hires, seconded employees and role changes to validate the following:               <ul style="list-style-type: none"> <li>○ Verify the right levels of access were provided for new role</li> <li>○ Previous role and access were terminated</li> <li>○ Ensure consistency with the role based access requirements</li> </ul> </li> </ul>	<p>The role-based access system deactivates the employees' access to their Ausgrid information portal during the period of secondment.</p> <p>Based on the procedures performed we have not identified any matters of exception</p>
27	<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>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	Processes to protect the privacy of confidential information are defined	<ul style="list-style-type: none"> <li>• We obtained and inspected the policies in place to adhere to privacy and confidential requirements. This included procedures in place to identify, report and manage any related incidents.</li> <li>• We reviewed incident reports for the reporting period to identify any potential privacy related incidents and to check whether the procedures outlined in the policy document were adhered to in managing such incidents. Per our review and consultation with the ARC team, no impact or breaches were identified.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

# 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
44	<p><b>4.3.1</b> Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p><b>4.3.2</b> A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p>	Role based system access requirements defined for PLUS ES staff	<ul style="list-style-type: none"> <li>• We inspected the PLUS ES usage system documents to identify PLUS ES roles which require access to Ausgrid system to provide other services defined as permissible under the AER guidelines.</li> <li>• We performed sampling procedures over the relevant PLUS ES employees and employee movements to check that user access is maintained based on defined roles and permissible per the AER guidelines.</li> <li>• We reviewed management's User Access Review to confirm regular monitoring and maintenance of system user access changes.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
51	<p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	User access control and review regularly undertaken by Cyber team following documented procedure	<ul style="list-style-type: none"> <li>• We obtained the User Access Review Guideline from Management to understand the review procedure.</li> <li>• We obtained the evidence of Cyber team's User Access reviews and confirmed that access was in line with defined roles and management approvals were obtained.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.



## 5. Details and testing results (continued)

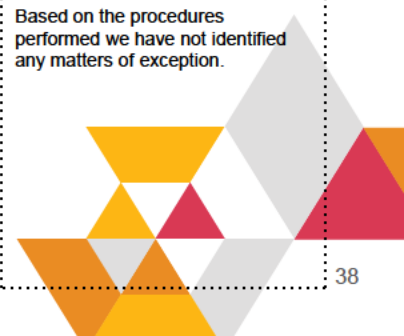


Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
5	<p><b>4.1(c)(iv)</b> subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential 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><b>4.3.1</b> Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p><b>4.3.2</b> A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p>	Allowable uses of confidential information stored in ICT systems defined	<ul style="list-style-type: none"> <li>• We obtained the policy document to validate that the documentation clearly defines the identification, labelling, handling and allowable uses of confidential information.</li> <li>• We selected a sample of internal documents and confirmed that all publications are appropriately labelled and handled as per the policy.</li> <li>• We confirmed a sample of emails distributed during the year which required appropriate labelling and required management approvals for confidential information before being sent to the recipient.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
82	<p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	Gatekeeper Controls for Big Ideas portal	<ul style="list-style-type: none"> <li>• We obtained the Big ideas policy document to understand the process of submitting ideas and procedures in place to triage submissions for protecting any ring-fenced information.</li> <li>• We obtained the Big ideas portal register to verify if any ring-fencing information are available or accessible for existing ideas/submissions.</li> <li>• We obtained the Big ideas submissions database to identify if any ring-fenced information was submitted and whether they were managed in line with the policy document per our walkthrough.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
4	<p><b>4.3.1</b> Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p><b>4.3.2</b> A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	PLUS ES staff do not have access to Ausgrid intranet site	<ul style="list-style-type: none"> <li>We selected sample of employees to validate system user access restrictions between Ausgrid and PLUS ES and inspected a sample of system logs during the reporting period to validate that user access was in line with the system rules.</li> <li>We confirmed that any central business updates are supported by two separate links for Ausgrid and PLUS ES intranet sites.</li> </ul>	<p>Ausgrid and PLUS ES staff's have separate offices, separate intranet website and separate access cards with access restrictions.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
75	<p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	Legal & Compliance Privacy Playbook interrogates non-compliance with RFG re information sharing	<ul style="list-style-type: none"> <li>We reviewed the legal Privacy playbook to understand and evaluate the process in place to detect and report any non-compliance incidents. The Privacy playbook clearly the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guidelines.</li> <li>We obtained evidence of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No privacy incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact.</li> </ul>	<p>The Privacy playbook adequately documents the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guideline.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
77	<p><b>4.3.1</b> Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential, and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p><b>4.3.2</b> A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p>	<p>Approval checks before some types of sensitive or classified information can be shared via email outside Ausgrid</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of policies and system checks in place that support the identification, handling and authorisation matrix before such information can be shared or distributed through emails.</li> <li>• We performed sampling procedures over sensitive emails distributed throughout the reporting and ensured that management approvals were obtained being released to the recipient as per the policy guidelines.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
58	<p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	<p>Identify Access Management (IAM) application automatically updates access based on role</p>	<ul style="list-style-type: none"> <li>• We performed a walkthrough using a sample of one employee whose role has changed during the year to understand how changes in employee roles are updated in the IAM system.</li> <li>• For a sample of employee movements between Ausgrid and PLUS ES during the reporting period, we validated that the IAM system access was updated based on the new roles defined and were in line with user access guidelines.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
63	<p><b>4.3.1</b> Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and (b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p><b>4.3.2</b> Disclosure of information A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	<p>Identity and access management system has specialised rules for secondary accounts associated with on-loan arrangements</p>	<ul style="list-style-type: none"> <li>• We performed a walkthrough with management to understand the annual user access review over IAM process, the process for user access changes when staff roles change (including on-loan/seconded), and the process for the maintenance and review of the MBS file.</li> <li>• We selected a sample of employees across on-loan staff, seconded staff and staff defined under the MBS listing to verify the following:             <ul style="list-style-type: none"> <li>◦ The defined levels of access are in line with business expectations;</li> <li>◦ Previous role, access, emails are revoked;</li> <li>◦ Change in email IDs and employee numbers;</li> <li>◦ Changes in the system to reflect new staff role; and</li> <li>◦ Ensure ring-fencing obligations from user access and information sharing perspective is protected.</li> </ul> </li> <li>• We obtained evidence that the Annual review of the user access performed by the information security team during the reporting period to monitor and maintain system user access.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
64	<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>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	<p>The ICT team applies the documented information security incident management procedure for all information security incidents</p>	<ul style="list-style-type: none"> <li>• We obtained the relevant policy documents to understand the policies in place for managing information security incidents. The policies clearly define the procedures that need to be followed in the event of any incidents including ring-fencing related matters.</li> <li>• We obtained a sample of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No information security incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



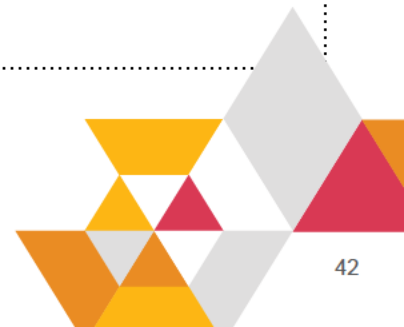
Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
32	<p><b>4.3.3 (a)</b> Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a DNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information 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>4.3.3 (b)</b> A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> <li>the legal entity has requested that it be included on the information register in respect of information of that kind; and</li> <li>the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services.</li> </ol> <p><b>4.3.3 (c)</b> 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>Information register is published on Ausgrid's external website and periodically reviewed for accuracy</p>	<ul style="list-style-type: none"> <li>We inspected the information register available on Ausgrid's website to ensure that the latest version is available per AER guidelines.</li> <li>We obtained evidence of the quarterly review performed for Q3 of 2023 by ARC team over the Information register to confirm that the register is appropriately reviewed, updated and approved before being published on the Ausgrid public website.</li> </ul>	<p>We inspected that Ausgrid has established Information Register and maintained the register as part of the quarterly review. The latest version of register is published at the Ausgrid website.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
26	<p><b>4.3.3 (d)</b> 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><b>4.3.3 (e)</b> 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>	<p>Process in place to allow confidential information shared with an affiliate to be equally available to other entities, including terms &amp; conditions, is established and available on the website.</p>	<ul style="list-style-type: none"> <li>We inspected on the Ausgrid's website to ensure accessibility to information sharing protocol, appropriate contact and guidance provided for public access.</li> <li>We obtained evidence of reviews performed by ARC team over all ring-fencing registers to confirm that the registers are appropriately reviewed, updated and approved before being published on the Ausgrid public website. We inspected two samples of this for Q3 and Q4 of 2023.</li> </ul>	<p>The information sharing register is maintained on the Ausgrid's website is updated and accurate.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
65	<p><b>4.3.4 (a)</b> A DNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> <li>i. related electricity service providers;</li> <li>ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP; who request access to information identified in clause 4.3.3(a), and must make the register publicly available on its website.</li> </ul> <p><b>4.3.4 (b)</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>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> <li>• We discussed with management how review over physical access registers is performed. We understand that this review occurs annually.</li> <li>• We inspected the document "D24 38872 Restricted Access Review 2023 Contact List", which documents the progress of the review performed by ARC at each Ausgrid/PLUS ES site that requires Ringfencing controls. While some of the sites are still pending completion, this is considered to be sufficient evidence that a review by ARC has been undertaken.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
81	<p>4.3.3(a), the DNSP's information register must:</p> <ul style="list-style-type: none"> <li>i. identify the kind of information requested by the related electricity service provider or other legal entity; and</li> <li>ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP.</li> </ul>	Quarterly review of all RF Registers	<ul style="list-style-type: none"> <li>• We obtained evidence of ARC team's quarterly review in Q3 of 2023 of all Ring-fencing registers which includes the physical access registers.</li> <li>• We checked Ausgrid's public website to verify that the latest version of the register is readily accessible to the public and in line with ring-fencing guidelines.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.



## 5. Details and testing results (continued)

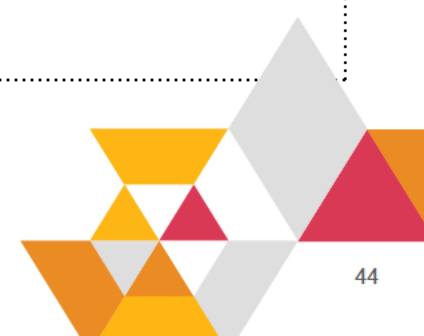


Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
32	<p><b>4.3.4 (a)</b> A DNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> <li>i. related electricity service providers;</li> <li>ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP; who request access to information identified in clause 4.3.3(a), and must make the register publicly available on its website.</li> </ul> <p><b>4.3.4 (b)</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> <ul style="list-style-type: none"> <li>i. identify the kind of information requested by the related electricity service provider or other legal entity; and</li> <li>ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP.</li> </ul> <p><b>4.3.4 (c)</b> 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.</p>	<p>Information register is published on Ausgrid's external website and periodically reviewed for accuracy</p>	<ul style="list-style-type: none"> <li>• We inspected the information register available on Ausgrid's website to ensure that the latest version is available per AER guidelines.</li> <li>• We obtained evidence of the quarterly review performed for Q3 of 2023 by ARC team over the information register to confirm that the register is appropriately reviewed, updated and approved before being published on the Ausgrid public website.</li> </ul>	<p>We inspected that Ausgrid has established Information Register and maintained the register as part of the quarterly review. The latest version of register is published at the Ausgrid website.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



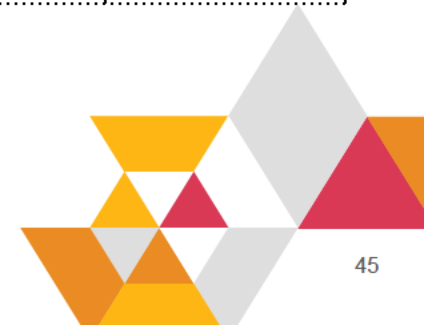
Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
41	<b>4.4.1</b> A DNSP: must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those services, with:	Ring-fencing related clauses included in legally approved templates used for procurement	<ul style="list-style-type: none"> <li>We inspected the templates used for procurement to ensure that the templates contained the appropriate Ring-Fencing clauses.</li> <li>We obtained evidence of procurement contracts executed during the reporting period to confirm that that the Ring-Fencing clauses were included..</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
53	i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.1 of this Guideline; and ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.	PLUS ES External partner code of conduct addresses RF matters	<ul style="list-style-type: none"> <li>We obtained and reviewed the PLUS ES External Partner code of conduct, which outlines the rules and obligations of service providers engaged with PLUS ES including Ring-Fencing obligations.</li> </ul>	PLUS ES have adequately documented the ring-fencing guidelines to prevent any misconduct while engaging with service providers.  Based on the procedures performed we have not identified any matters of exception.
59	<b>4.4.1 (b)</b> must not, directly or indirectly, encourage or incentivise a service provider to engage in conduct which, if the DNSP engaged in the conduct itself, would be contrary to the DNSP's obligations under clause 4 of this Guideline.	Ausgrid External partner code of conduct addresses RF matters	<ul style="list-style-type: none"> <li>We obtained Ausgrid's External Partner Code of Conduct and reviewed the policy for compliance with Ring-Fencing obligations.</li> </ul>	Ausgrid has adequately documented the Ring-Fencing guidelines to prevent any misconduct while engaging with service providers.  Based on the procedures performed we have not identified any matters of exception.



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
42	<p><b>5.2</b> A DNSP may apply in writing to the AER for a waiver of its obligations under clauses 3.1, 4.2 and / or 4.4.1(a) of this Guideline, either on its own behalf or on behalf of itself and one or more other DNSPs. An application for a waiver must contain all information and materials necessary to support the DNSP's application, including:</p> <p>(a) the obligation in respect of which the DNSP is applying for a waiver;</p> <p>(b) the reasons why the DNSP is applying for the waiver;</p> <p>(c) details of the service, or services, in relation to which the DNSP is applying for the waiver;</p> <p>(d) the proposed commencement date and expiry date (if any) of the waiver and the reasons for those dates;</p> <p>(e) details of the costs associated with the DNSP complying with the obligation if the waiver of the obligation were refused;</p> <p>(f) the regulatory control period(s) to which the waiver would apply;</p> <p>(g) any additional measures the DNSP proposes to undertake if the waiver were granted; and</p> <p>(h) the reasons why the DNSP considers the waiver should be granted with reference to the matters specified in clause 5.3.2(a), including the benefits, or likely benefits, of the grant of the waiver to electricity consumers.</p>	Ring-fencing waiver templates used, based on guideline requirements	<ul style="list-style-type: none"> <li>We enquired with Management regarding the waiver template, which is standardised and available through the AER website. When Ausgrid applies for a waiver, the standardized standardised template will be filled out via the AER website. Ausgrid does not have any current waivers nor any under review during the calendar year.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
43	<p><b>5.7 (a)</b> 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> <p>The register established under clause <b>5.7 (b)</b> 5.7(a) must include:</p>	Ring-fencing waivers are published on Ausgrid's external website and periodically reviewed for accuracy	<ul style="list-style-type: none"> <li>We enquired with Management about the ring-fencing waiver review process.</li> <li>We inspected AER website and the Ausgrid website and noted that Ausgrid had 3 current/open class waivers, with one class waiver published in the current period. No Ausgrid specific waivers were current/open on the AER or the Ausgrid website.</li> </ul>	<p>Ausgrid publishes all waivers on its external website and is periodically reviewed. Three class waivers were noted during the reporting period. This is in line with the information per the AER website.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
65	<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>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> <li>We discussed with management how review over physical access registers is performed. We understand that this review occurs annually.</li> <li>We inspected the document "D24 38872 Restricted Access Review 2023 Contact List", which documents the progress of the review performed by ARC at each Ausgrid/PLUS ES site that requires Ringfencing controls. While some of the sites are still pending completion, this is considered to be sufficient evidence that a review by ARC has been undertaken.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
81		Quarterly review of all RF Registers	<ul style="list-style-type: none"> <li>We obtained evidence of ARC team's quarterly review in Q3 of 2023 of all Ring-fencing registers which includes the physical access registers.</li> <li>We checked Ausgrid's public website to verify that the latest version of the register is readily accessible to the public and in line with ring-fencing guidelines.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
2	6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this guideline.	Ad-hoc ring-fencing communications issued to staff	<ul style="list-style-type: none"> <li>We enquired with Management regarding the type and frequency of communications issued.</li> <li>We inspected the communications regarding the Ring-Fencing Guidelines issued to Ausgrid and PLUS ES staff, which reminded staff on their Ring-Fencing Guideline obligations and how they can comply with the guidelines.</li> </ul>	<p>Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email and associated channels to ensure compliance with obligations.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
7	6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this guideline.	Code of Conduct addresses various matters related to RF Guideline	<ul style="list-style-type: none"> <li>We enquired with Management regarding the content covered within the Code of Conduct (last approved in September 2022) in relation to Ring Fencing Guidelines. The Code of Conduct applies to all staff, including contractors and is used to communicate ethical decision making and behaviour and should be read in conjunction with the Organisations policies.</li> <li>We inspected Code of Conduct to ensure compliance with Ring Fencing Guidelines are covered.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
13	6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this guideline.	Controls reviewed and updated by SME's following non-compliance incidents	<ul style="list-style-type: none"> <li>We enquired with Ausgrid on the types and frequency of reviews undertaken.</li> <li>We inspected non-compliance incidents throughout the reporting period recorded in Enablon. We noted that there had been two instances of non-compliance or breaches within the reporting period.</li> <li>We reviewed the register of controls and followed up with the responsible SME's to ensure it is complete, accurate and up to date.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
14	6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this guideline.	Controls reviewed and updated by SME's following regulatory changes	<ul style="list-style-type: none"> <li>We enquired with Management on the steps taken to ensure compliance with new or changes in regulations. During 2023, there were no changes in the Ring-Fencing Guidelines since Version 3 which was applicable from 3 February 2022.</li> <li>We inspected the work performed by Ausgrid to ensure compliance and compared to the updated guidelines in the prior year.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
19		ARC team monitors changes in affiliate arrangements and assess versus regulatory requirements	<ul style="list-style-type: none"> <li>We enquired with management to understand how they monitor changes in affiliate arrangements. As their only affiliate arrangement is with PLUS ES, this process is straightforward.</li> <li>Management confirmed that no changes to this arrangement have occurred in the reporting period, nor have any regulatory arrangement changed. There have been no changes to the Corporate Services Agreement, or any intercompany policies between Ausgrid or PLUS ES.</li> </ul>	<p>Ausgrid is able to ensure compliance through the monitoring of any changes in affiliate arrangements. No changes to this have occurred in the reporting period nor have Ring-fencing obligations materially changed during the reference period.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
38		Ring-fencing email address maintained to deal with queries and escalations	<ul style="list-style-type: none"> <li>We enquired with Management about existence of the Ring-Fencing email address and how it is used and monitored.</li> <li>We tested the Ring-Fencing email address by sending a test email to ensure the inbox is operational.</li> </ul>	<p>Ausgrid actively maintains a dedicated Ring-Fencing email address to monitor and internal or external reports of breaches.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
31	6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this guideline.	ARC and Management issue ring-fencing compliance awareness materials	<ul style="list-style-type: none"> <li>We enquired with Management regarding the type and frequency of communications issued.</li> <li>We inspected the communications regarding the Ring-Fencing Guidelines issued to Ausgrid and PLUS ES staff, which advised them of their obligations, the Ring-Fencing annual mandatory training program, and the Ring-Fencing awareness materials physically available at the physical sites during our site visit.</li> </ul>	<p>Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email and associated channels, as well as through the annual mandatory Ring-Fencing training to ensure compliance with obligations.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
35		Responsibilities of DNSP entity staff to support ring-fencing compliance documented in a policy	<ul style="list-style-type: none"> <li>We enquired with management on the Ring-Fencing Policies and how the obligations under the Ring-Fencing Guidelines are communicated to staff.</li> <li>We inspected the Ausgrid and PLUS ES Ring-Fencing Policies and the Code of Conduct to ensure all areas of required communication are included. We noted that the Ring-Fencing Policies outlines the Ring-Fencing market competition guidelines per the AER.</li> </ul>	<p>Through our procedures performed, we found that Ausgrid's policy of encouraging competition through ring-fencing outlines key obligations (clause 3 and 4) which all staff and anyone carrying out work on behalf of Ausgrid must follow. This ensures staff are aware of their obligations under the Guidelines and lists steps of how to help achieve these obligations.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
36		Ring-fencing training program developed and implemented	<ul style="list-style-type: none"> <li>We enquired with Management on the training available to Ausgrid and PLUS ES staff regarding the Ring-Fencing Guidelines.</li> <li>We inspected Ring-Fencing training material to ensure key areas of guideline are communicated to staff.</li> </ul>	<p>Ausgrid has prepared and operates specific Ring-Fencing training for staff which covers key aspects of the guideline to educate and inform. Compliance with the undertaking of this training is covered in control reference 70.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
37		Ring-fencing communications Information Sheet made available	<ul style="list-style-type: none"> <li>We enquired with Management on the nature and frequency of Ring-Fencing related communications issued, and inspected examples of the communications issued during the year.</li> </ul>	<p>Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email associated channels to ensure compliance with obligations.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
39	<p><b>6.1</b> 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>	Ring-fencing intranet site established	<ul style="list-style-type: none"> <li>• We obtained screenshots of the materials relating to the ring-fencing guidelines on the Ausgrid Intranet to understand what materials are made available to employees.</li> <li>• We inspected the intranet site to ensure all necessary materials are included and accessible for staff to view.</li> </ul>	<p>Ausgrid has a dedicated Ring-Fencing page for staff access on the Ausgrid intranet which is a database for policies, procedures, guidelines and resources related to Ring-Fencing obligations. This site is accessible to all Ausgrid employees and is frequently updated to include new guidelines, policies and procedures for staff to follow.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
70	<p>6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this guideline.</p>	Training compliance report generated and reviewed weekly	<ul style="list-style-type: none"> <li>• We obtained an understanding on how staff training compliance is tracked.</li> <li>• We obtained the training compliance reports, which includes data on staff completion rates for Ring-Fencing related training.</li> <li>• We selected a sample of employees from the report and obtained evidence that they have completed ring fencing training.</li> </ul>	<p>There are no issues with the operating effectiveness of the control as the training compliance reports are generated and reviewed weekly.</p> <p>When inspecting the training compliance records, we observed 14 employees who had not completed their annual mandatory training out of the entire population of Ausgrid and PLUS ES staff as of mid-March 2024. However, as this comprises of around 0.4% of all employees, which is not considered to be material. We do not consider this to be a breach of obligation 6.1.</p>



## 5. Details and testing results (continued)

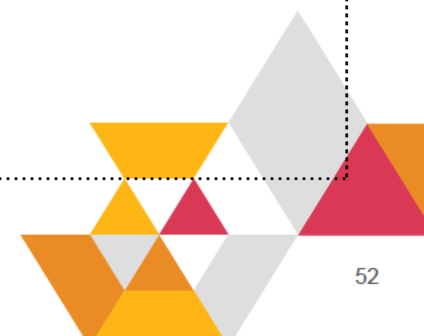


Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
30	<p><b>6.2.1 (a)</b> DNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p><b>6.2.1 (b)</b> 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"> <li>the measures the DNSP has taken to ensure compliance with its obligations under this Guideline;</li> <li>any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP;</li> <li>all other services provided by the DNSP in accordance with clause 3.1; and</li> <li>the purpose of all transactions between the DNSP and an affiliated entity.</li> </ol> <p><b>6.2.1 (c)</b> 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><b>6.2.1 (d)</b> 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><b>6.2.2 (a)</b> 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><b>6.2.2 (b)</b> A DNSP is not required to submit an annual compliance report for its regulatory year in which this Guideline commences.</p>	Regulatory Reporting calendar established and monitored	<ul style="list-style-type: none"> <li>We enquired with management about the establishment of a regulatory reporting calendar.</li> <li>We inspected regulatory reporting calendar and checked that all relevant dates and reporting requirements were included to ensure compliance with Ring-Fencing Guidelines.</li> </ul>	<p>Ausgrid has a Regulatory Reporting Calendar which is monitored by Management and contains all relevant dates and reporting requirements to ensure compliance with Ring-Fencing Guidelines.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

## 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
65	<p><b>6.2.3 (a)</b> 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> <ul style="list-style-type: none"> <li>i. the local government area in which the regulated stand-alone power system is deployed;</li> <li>ii. the number of premises served by the regulated stand-alone power system;</li> <li>iii. the maximum demand, in kW, served by the regulated stand-alone power system;</li> <li>iv. the aggregated annual average energy consumption, in kWh, of the premises served by the regulated stand-alone power system;</li> </ul>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> <li>• We discussed with management how review over physical access registers is performed. We understand that this review occurs annually.</li> <li>• We inspected the document "D24 38872 Restricted Access Review 2023 Contact List", which documents the progress of the review performed by ARC at each Ausgrid/PLUS ES site that requires Ringfencing controls. While some of the sites are still pending completion, this is considered to be sufficient evidence that a review by ARC has been undertaken.</li> </ul>	Based on the procedures performed we have not identified any matters of exception.
76	<ul style="list-style-type: none"> <li>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</li> <li>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).</li> </ul> <p><b>6.2.3 (b)</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).</p> <p>The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>	Register of Ausgrid's regulated stand-alone power systems is displayed on website and periodically reviewed for accuracy	<ul style="list-style-type: none"> <li>• We inspected the Ausgrid's website to ensure that the latest regulated stand-alone power systems register is available.</li> <li>• We inspected the quarterly review for Q3 of 2023 to ensure that the register is appropriately reviewed by management to maintain accuracy of the information.</li> </ul>	<p>We noted the regulated stand-alone power systems register has been made public on Ausgrid company website and it is up to date.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>



## 5. Details and testing results (continued)

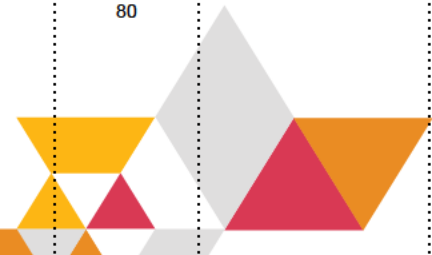


Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
78	<p><b>6.2.3 (a)</b> A DNSP must establish, maintain and keep a register that identifies, for each regulated stand-alone power system used by the DNSP to provide other services: i. the local 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>Quarterly Review of Scale of Ausgrid Business Activities as a supplier of other services as a SAPS Resource Provider</p>	<ul style="list-style-type: none"> <li>• We obtained evidence of the Quarterly Review performed by the ARC team during the year. The review was able to demonstrate that the SAPS register published on Ausgrid's public website is updated based on the scale of other services undertaken by the SAPS in consultation with the network management team. The review demonstrates the consideration of any expected changes in activity in the future that the ARC team should be aware of in updating the register.</li> <li>• We obtained a sample of reviews performed throughout the year to validate:               <ul style="list-style-type: none"> <li>○ Review was consistently undertaken by ARC during the year;</li> <li>○ Completeness of any breaches or potential to exceed the generation revenue cap stipulated under the obligations; and</li> <li>○ Evidence of approval over the reviews including that SAPS register published on the website.</li> </ul> </li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
81	<p>vi. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP).</p> <p><b>6.2.3 (b)</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).</p> <p>The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>	<p>Quarterly review of all RF Registers</p>	<ul style="list-style-type: none"> <li>• We obtained evidence of ARC team's quarterly review in Q3 of 2023 of all Ring-fencing registers which includes the physical access registers.</li> <li>• We checked Ausgrid's public website to verify that the latest version of the register is readily accessible to the public and in line with ring-fencing guidelines.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>

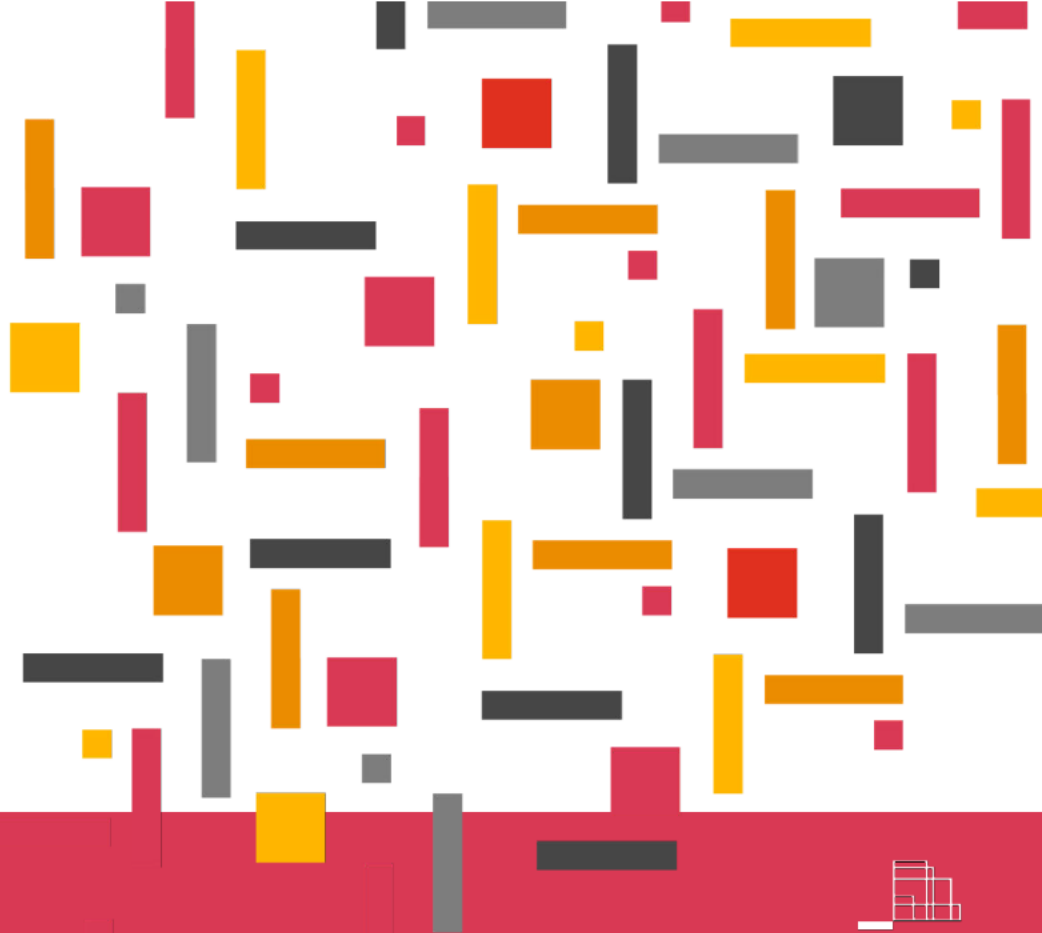
# 5. Details and testing results (continued)



Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
25	<p><b>6.3</b> 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.</p>	<p>Process established for the reporting and analysis of incidents with possible relevance to Ring Fencing, and also for timely notification of any non-compliances to AER</p>	<ul style="list-style-type: none"> <li>• We enquired with management on the avenues for reporting of non-compliance.</li> <li>• We inspected the reports from Enablon and non-compliance/breaches register and found 2 instances of non-compliance. We confirmed that the 2 instances of non-compliance have been reported to the AER.</li> </ul>	<p>Ausgrid reported two instances of non-compliance within the reporting period and have notified the AER. There are processes in place to identify any potential breaches or instances on non-compliance in which the ARC can notify the AER in a timely manner.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
40	<p>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.</p>	<p>Ring-fencing issues highlighted in Contact Centre Management Reports</p>	<ul style="list-style-type: none"> <li>• We inspected the documentation of Call Centre scripts and validated references to contestable services and restrictions of discriminating against other service providers, specific ring-fencing guidelines and guidance on reporting and breaches, no specific mention of PLUS ES as a service provider, and promotion of competition in the contestable market.</li> <li>• We obtained samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes which includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. We verified there were no instances of breaches to ring-fencing guidelines for the samples tested.</li> </ul>	<p>Based on the procedures performed we have not identified any matters of exception.</p>
80		<p>Annual Compliance Review of '30 Minute jobs' data in CASS</p>	<ul style="list-style-type: none"> <li>• We obtained evidence of the Annual Compliance Review of the '30 Minute jobs' data which was issued by the ARC team. The review demonstrated a detailed review and analysis of all jobs logged in the CASS system pertaining to the reporting period.</li> <li>• We performed further validation procedures by using the CASS listing to identify jobs performed during the reporting period by field operators that were outside the acceptable threshold of 30 minutes.</li> </ul>	<p>We used Ausgrid Computer Aided Service System (CASS) to obtain the list of jobs performed by Ausgrid during 2023. Using the jobs listing from CASS, we identified 48 instances of contestable services provided by Ausgrid during 2023 with recorded durations of over 50 minutes**. However, for all 48 jobs identified, we obtained explanations from Ausgrid that the actual time taken to perform the contestable service was less than the 30-minute determination.</p> <p>**Jobs over 50-minute durations were targeted from the CASS listing because management explained that on average, 20 minutes of the recorded duration relates to travel time to the job site. Therefore the 48 jobs identified were at a higher risk to have taken more than 30 minutes to perform the contestable service.</p>



# Thank You



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