

CitiPower Pty Ltd and Powercor Australia Ltd
Ring-fencing Guideline Compliance Report
31 December 2023

Table of Contents

Executive Summary	3
Independent Reasonable Assurance Report to the directors of CitiPower and Powercor	4
Detailed Findings	7

Executive Summary

1.1 Introduction

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

Under clause 6.2.1c of the Guideline, Deloitte Touche Tohmatsu (“Deloitte”) has been engaged per the engagement letter between CitiPower Pty Ltd (“CitiPower”), Powercor Australia Ltd (“Powercor”) and Deloitte dated 15 December 2023 as the qualified independent authority to provide a reasonable assurance opinion on whether CitiPower and Powercor’s Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guideline for the period from 1 January 2023 to 31 December 2023.

1.2 Summary of Findings

The following table summarises observations and recommendations against the Obligations where an exception was identified. The rating of each Obligation has been applied in accordance with *Section 1.3*.

No.	Guidance Obligation Reference	Results of Testing	Recommendations	Rating	Material Breach
	None identified				

1.3 Rating Applied

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

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

Independent Reasonable Assurance Report to the directors of CitiPower Pty Ltd and Powercor Australia Limited

Opinion

We have undertaken a reasonable assurance engagement on CitiPower Pty Ltd (“CitiPower”) and Powercor Australia Limited’s (“Powercor”) Ring-fencing Compliance Report, with respect to compliance with 6.2.1a of the Guideline, as evaluated against 6.2.1b of the Guideline, in all material respects, for the period from 1 January 2023 to 31 December 2023.

In our opinion, the accompanying CitiPower and Powercor’s Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guideline for the period from 1 January 2023 to 31 December 2023.

Basis for Opinion

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

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

Emphasis of Matter – Cost Allocation Methodology Regulatory Period Assessed

Without modifying our opinion, we draw attention to the regulatory period covered under Section 3.2.2 of the Guideline within this report being 1 January 2023 to 30 June 2023, which is different to the compliance period of 1 January 2023 to 31 December 2023. Compliance with the Cost Allocation Method for the remaining regulatory period from 1 July 2023 to 31 December 2023 will be covered under the Regulatory Information Notice (RIN) reporting for the 1 July 2023 to 30 June 2024 regulatory period. This approach is in line with Ring-Fencing guideline 6.2.1(d) which allows for a difference between the regulatory information notice period and the Ring-Fencing compliance period regarding the information in Section 3.2.2.

Our Independence and Quality Management

We have complied with the independence and relevant ethical requirements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, including those contained in APES 110 *Code of Ethics for Professional Accountants* (including *Independence Standards*).

Our firm applies Australian Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, 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.

Responsibilities of management of CitiPower and Powercor

CitiPower and Powercor's management are responsible for:

- a) providing the Ring-fencing Compliance Report with respect to the outcome of the evaluation of the compliance activity against 6.2.1a of the Guideline for the period from 1 January 2023 to 31 December 2023;
- b) the compliance activity undertaken to meet 6.2.1a of the Guideline;
- c) identifying suitable compliance requirements as specified in the Guideline as required by the AER;
- d) identifying risks that threaten compliance with 6.2.1a of the Guideline being met; and
- e) the identification, design and implementation of controls to enable compliance with 6.2.1a of the Guideline to be met and to monitor ongoing compliance.

Responsibilities of the Assurance Practitioner

Our responsibility is to express an opinion on CitiPower and Powercor's Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline, in all material respects, as evaluated against 6.2.1b of the Guideline for the period from 1 January 2023 to 31 December 2023. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether CitiPower and Powercor's Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guideline for the period from 1 January 2023 to 31 December 2023.

An assurance engagement to report on the CitiPower and Powercor's Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet 6.2.1a of the Guideline. The procedures selected depend on our judgement, including the identification and assessment of risks of material deficiencies in the compliance framework or material misstatements in CitiPower and Powercor's Ring-fencing Compliance Report.

Our procedures included, but were not limited to:

- Inquiring with CitiPower and Powercor personnel regarding controls in place to enable CitiPower and Powercor to comply with the Obligations;
- On a sample basis, observing the control being performed, and/or inspecting documentation to evidence the design, implementation and effectiveness of the controls;
- Inquiring with management whether they are compliant with the Obligations, and corroborating our inquiry with the results of our test procedures.
- Evaluating the content of the Ring-fencing Compliance Report, to determine whether it is fairly presented, with respect to the evaluation of the compliance activities against 6.2.1b of the Guideline.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, deficiencies in the compliance framework or misstatements in CitiPower and Powercor's Ring-Fencing Compliance Report may occur and not be detected.

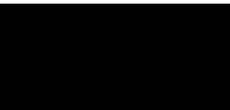
A reasonable assurance engagement for the period from 1 January 2023 to 31 December 2023 does not provide assurance on whether compliance with the Guideline will continue in the future.

Restricted Use

This report has been prepared for use by CitiPower and Powercor for the purpose of meeting the reporting requirements to the AER. We disclaim any assumption of responsibility for any reliance on this report to any person other than CitiPower and Powercor, or for any purpose other than that for which it was prepared. However, we understand that a copy of the report has been requested by the AER, in accordance with 6.2.1c of the Guideline. We agree that a copy of the report may be provided to the AER for their information in connection with this purpose but only on the basis that we accept no duty, responsibility or liability to the AER in relation to the report. We accept no duty, responsibility or liability to any party, other than CitiPower and Powercor, in connection with the report or this engagement.



DELOITTE TOUCHE TOHMATSU



Stuart Kortum
Partner
Chartered Accountants
Melbourne, 15 April 2024

Detailed Findings

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

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

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
1	Legal separation	3.1 (a)	A DNSP must be a legal entity.	<p>Key Control:</p> <ul style="list-style-type: none"> CitiPower and Powercor are separate legal entities with a registered Australian Business Number (ABN) which is distinct from its affiliated entities that provide "other services" <p>Test Performed:</p> <ul style="list-style-type: none"> We performed a search of the ASIC register for CitiPower Pty Ltd and Powercor Australia Limited's ABN to check that they are separate legal entities We cross checked the registered ABN against the Distribution Network Services Provider Licence. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
2	Legal separation	3.1 (b)	A DNSP may provide distribution services and transmission services, but must not provide other services.	<p>Key Control(s):</p> <ul style="list-style-type: none"> A separate affiliated entity Beon was established to perform "other services" outside distribution and transmission services which are performed by CitiPower and Powercor A monthly review of general ledger accounts is performed by finance and an attestation is provided by the Financial 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>Controller that no breaches in this requirement have occurred</p> <p>Test Performed:</p> <ul style="list-style-type: none"> We have performed a review of the nature of each revenue streams recorded in CitiPower/ Powercor financial statements and assessed whether these are related to distribution services. For “other services” revenue generated, we assessed whether these are permissible revenue streams according to the Ring-Fencing guidelines. We tested the design and operating effectiveness by inspecting the monthly completion of the attestation on a sample basis. 			
3	Separate accounts	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>Key Control(s):</p> <ul style="list-style-type: none"> A separate general ledger is maintained for CitiPower/Powercor and its affiliates with separate GL accounts for transaction between affiliates A monthly review of general ledger accounts is performed by the finance group and an attestation is provided by the Financial Controller that no breaches in this requirement have occurred <p>Test Performed:</p> <ul style="list-style-type: none"> We performed a process walk through to understand the key controls in place to maintain separate accounts and be able to demonstrate the extent of transactions between CitiPower/Powercor and its affiliates 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> We tested the design and operating effectiveness of the monthly attestation provided by the Financial Controller We reconciled the affiliate transactions disclosure in the Compliance report to underlying accounting records to assess accuracy and challenged the completeness of these transactions. 			
4	Cost allocation and attribution	3.2.2 (a), (b)	<p>(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>(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>Key Control(s):</p> <ul style="list-style-type: none"> Costs are allocated using approved profit centres and function codes within the ERP system (SAP) in line with the approved CitiPower and Powercor’s Cost Allocation Methodology (CAM). These are uploaded within SAP and cannot be amended unless reviewed and approved. A quarterly review of cost attribution is performed by the finance team and an attestation is provided by the Financial Controller that this has been performed and whether any breaches have been identified. <p>Test Performed:</p> <ul style="list-style-type: none"> We performed a process walk through to understand the key controls in place to ensure costs are allocated accurately and in line with CAM We obtained and reviewed the CAM, noting it addresses the allocation of costs between distribution services and non-distribution services We tested the design and operating effectiveness by inspecting the quarterly review of the cost attribution attestation on a sample basis 	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> <p>Compliance with the Cost Allocation Methodology is assessed every regulatory period as part of the AER Regulatory Information Notices (RINs). This was most recently conducted for 1 July 2022 - 30 June 2023 regulatory period with our conclusion submitted to AER in our report dated 31 October 2023. The compliance with the CAM for the remaining period from 1 July 2023 – 31 December 2023 will be covered under the RINs for the 1 July 2023 to 30 June 2024 regulatory period. Our procedures on the CAM per the purpose of attesting compliance with the</p>	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
					guideline therefore is limited to the period 1 January 2023 – 30 June 2023. This approach is in line with Ring-Fencing guideline 6.2.1 (d) which allows for a difference between the regulatory information notice period and the Ring-Fencing compliance period regarding the information in Section 3.2.2.		
5	Cost allocation and attribution	3.2.2 (c)	A DNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and 3.2.2(b).	<p>Key Control(s):</p> <ul style="list-style-type: none"> A quarterly review of cost attribution is performed by the finance team and an attestation is provided by the Financial Controller that this has been performed and whether any breaches have been identified <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness by inspecting the quarterly review of the cost attribution attestation on a sample basis 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
6	Obligation not to discriminate	4.1(b), (d)	(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: <ul style="list-style-type: none"> i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or 	<p>Key Control(s):</p> <ul style="list-style-type: none"> Mandatory online training on ring-fencing requirements is undertaken by new starters (whether office or field- based employees) upon commencement at the company as part of induction Mandatory online training for all office-based staff on the ring-fencing requirements is performed every three years 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>ii. contestable electricity services by any other legal entity.</p> <p>(d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p>	<ul style="list-style-type: none"> • Mandatory field staff training on ring-fencing requirements is performed every three years • Targeted ring-fencing training is performed within the business where there is a material change in the ring-fencing guideline, significant staff turnover, or upon the identification of guideline breaches • Approval of project costs and scheduling so that contestable services are not prioritised over direct control services • An annual review of ring-fencing obligations by each responsible manager and General Manager and declaration of any breaches/no breaches occurring in relevant area of the business. This is then signed off by the relevant General Manager <p>Test Performed:</p> <ul style="list-style-type: none"> • We reviewed the training material and noted that the training included the requirement not to discriminate • We performed sample testing of training attendance register to assess whether it was accurate • We selected a sample of employees that did not attend training and inspected the reason for non-completion. • We tested the operating effectiveness of the control over the project approvals • We have obtained and reviewed each of the General Manager annual compliance declarations. 			

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
7	Offices, staff, branding and promotions	4.2.1(a)	A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.	<p>Key Control(s):</p> <ul style="list-style-type: none"> CitiPower and Powercor have a separate office from related entities. Beon, ENEA and NG/E and related entity staff are physically restricted from accessing certain floors of CitiPower and Powercor office using the Gallagher security system (through electronic access cards and security doors) The Operations Manager Facility Management Services performs both a daily and monthly review of physical access restrictions for the CitiPower/Powercor building to identify any Beon, ENEA and NG/E and related entity Staff who have inappropriate access An office sharing register is maintained and reviewed by CitiPower/Powercor. <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the monthly review control of physical access We tested Beon, ENEA and NG/E staff and reviewed the physical access restrictions for CitiPower and Powercor building within Gallagher system We reviewed the office sharing register for completeness and accuracy and sighted evidence of the annual review performed in the period. 	<p>We have identified that one ENEA employee had access rights to the restricted floors of the CitiPower and Powercor office. Based on this we have performed the following procedures:</p> <p>(i) Based on a review of the access history log from the Gallagher system we have verified that this employee did not access the restricted floors during the period in which they had the access rights.</p> <p>(ii) We have verified that the access rights to the restricted floors has now been revoked.</p> <p>We therefore conclude that this does not constitute a breach of the Ring-Fencing guidelines.</p>	We recommend management to further strengthen the monthly review control which identifies whether ENEA employees have inappropriate access rights.	No Exception
8	Staff sharing	4.2.2(a)	A DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also	<p>Key Control(s):</p> <ul style="list-style-type: none"> A quarterly review is performed by the Regulations team for any changes to job 	Based on the testing performed we have not identified any matters of	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			involved in the provision or marketing of contestable electricity services by a related electricity service provider.	<p>description or new roles to ensure that any shared staff are identified, and that shared staff are not in breach of the ring-fencing requirements</p> <ul style="list-style-type: none"> All office- based staff complete a mandatory online ring- fencing training; new employees complete an in- person (where possible) corporate induction course that includes an overview on ring-fencing, as well as online induction modules of which one includes ring-fencing training. These courses cover the requirement for staff to not provide or market contestable electricity service by a related electricity service provider. The online training is comprehensively reviewed when there is a material change to the ring-fencing guideline, or there is a need to modify the training to target a business specific ring-fencing concern. <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the review of the staff sharing arrangements We tested a sample of staff to review their role description in order to assess whether they are involved in provision of direct control services and contestable electricity services and if so that appropriate safeguards are in place We reviewed the training material and noted that the training included the requirement not to discriminate 	exception against the obligation.		

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> We performed sample testing of training attendance register to assess whether it was accurate We tested a sample of employees that did not attend training to validate the reason. Testing of affiliated entity staff that are shared to ensure they are included in the staff sharing register 			
9	Staff sharing	4.2.2(c)	The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's Obligations under this Guideline.	<p>Key Control(s):</p> <ul style="list-style-type: none"> On an annual basis the Head of Business Performance Management reviews the remuneration, incentives and other benefits of staff working for CitiPower and Powercor to ensure that these do not incentivise them to breach the ring-fencing requirements <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the annual review of the KPIs performed in the period. We tested a sample of employees to review that incentives included in their performance measures did not incentivise CitiPower and Powercor staff to breach their obligations under the Ring-fencing guideline. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
10	Branding and cross-promotion	4.2.3(a)	A DNSP: i. must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity	<p>Key Control(s):</p> <ul style="list-style-type: none"> Contact centre scripts are utilised for scenarios where a customer requests contestable electricity services. Phone calls to contact centre are monitored to detect any instances of cross-promotion. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related.</p> <p>ii. must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion).</p> <p>ii. must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself.</p>	<ul style="list-style-type: none"> • A monthly attestation is provided that this has occurred and whether any breaches identified were reported. • A bi-annual review of the CitiPower/Powercor website and social media content for any inappropriate co-branding or cross promotion • Mandatory online training on the ring-fencing requirements undertaken by all staff. Online ring-fencing training is performed for new employees as part of induction. • Targeted ring-fencing training is performed within the business where there is a material change in the ring-fencing guideline, significant staff turnover, or upon the identification of guideline breaches. <p>Test Performed:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of the annual review of the website and social media content. • We tested the design and operating effectiveness of monthly attestation for the monitoring of contact centre phone calls. • We inspected the CitiPower/ Powercor website and social media for evidence of promotion of contestable service provider Beon. • We listened to a sample of customer calls (faults and connections) to identify any cross-promotion of affiliated entities. • We reviewed the training content and noted it covered the branding and cross-promotion requirements. 			

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> We performed sample testing of training attendance register to assess whether it was accurate We tested a sample of employees that did not attend training to validate the reason. 			
11	Office and staff registers	4.2.4 (a), (b)	<p>(a) A DNSP must establish, maintain and keep a register that identifies:</p> <p>(i) the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii.;</p> <p>(ii) the staff positions (including a description of the roles, functions and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d);</p> <p>(iii) the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p> <p>(b) No later than 15 January, 15 April, 15 July and 15 October each year, a</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> A comprehensive review of the office and staff register is undertaken to ensure that it captures shared staff identified on the register who have moved to a new position within the business where there access to electricity information has changed. A quarterly review of staff is performed by HR and provided to the Regulation group who are responsible for identifying any changes to job descriptions or new roles to ensure that any shared staff or position changes. the Staff and Office sharing register is then updated quarterly by Regulation and verification is performed to ensure it is publicly available on the website <p>Test Performed:</p> <ul style="list-style-type: none"> We reviewed the staff and office register to determine whether it included the required information We obtained the email correspondences for the dates of publishing the staff and office sharing register to its website, to verify the register was updated no later than 15 January, 15 April, 15 July and 15 October during the year. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>DNISP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNISP 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>				
12	Protection of ring-fenced information	4.3.1	<p>A DNISP 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>Key Control(s):</p> <ul style="list-style-type: none"> • Beon, ENEA and NG/E and related entity staff are restricted from accessing confidential electricity information through IT access controls • In Systems Now, new controls were added where additional questions are asked in the process of granting access to additional systems • Monthly review of IT user access to monitor any inappropriate access to systems for Beon, ENEA and NG/E staff • Bi-annual review of IT user access for any inappropriate access to systems by Beon, ENEA and NG/E staff. As a part of this process the business owners of each ring-fenced application must approve access and permissions <p>Test Performed:</p> <ul style="list-style-type: none"> • We tested the operating effectiveness of IT access controls • We obtained an IT user access listing for all CitiPower and Powercor systems that contain confidential information and 	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p>	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>compared to listing of Beon, ENEA and NG/E and related entity employees to determine whether there was any inappropriate access.</p>			
13	Disclosure of information	4.3.2	<p>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</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> Information sharing protocol and information sharing register is publicly available Beon, ENEA and NG/E and related entity staff are restricted through IT access controls from confidential information Decision matrix on IT access approval process and ring-fencing considerations provided to IT system owners Monthly review of IT user access to monitor any inappropriate access to systems for Beon, ENEA and NG/E staff Bi-annual review of IT user access for any inappropriate access to systems by Beon, ENEA and NG/E staff. As a part of this process the business owners of each ring-fenced application must approve access and permissions <p>Test Performed:</p> <ul style="list-style-type: none"> We tested the design operating effectiveness of IT access controls We tested the design and operating effectiveness of the monthly and bi-annual IT user access attestation forms We obtained an IT user access listing for all CitiPower/ Powercor systems that contain confidential information and compared to listing of Beon, ENEA and NG/E employees to 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>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>determine whether there is any inappropriate access</p> <ul style="list-style-type: none"> • We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline. • We sighted the information register is publicly available on the CitiPower/Powercor website 			
14	Sharing of information	4.3.3 (a) - (e)	<p>(a) Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a 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>Key Control(s):</p> <ul style="list-style-type: none"> • Information sharing protocol and information sharing register is publicly available • Beon, ENEA and NG/E and related entity staff are restricted through IT access controls from confidential information • Decision matrix on IT access approval process and ring-fencing considerations provided to IT system owners • Monthly review of IT user access to monitor any inappropriate access to systems for Beon, ENEA and NG/E staff 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

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			<p>(b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <p>i. the legal entity has requested that it be included on the information register in respect of information of that kind; and</p> <p>ii. the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services.</p> <p>(c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.3(a) to (e).</p> <p>(d) Without limiting clause 4.3.4(a), a DNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.3.3(a) available to legal entities and must make that protocol publicly available on its website.</p> <p>(e) Where a DNSP discloses information referred to in clause 4.3.4(a) to any other legal entity under this clause 4.3.4, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.2 and 4.3.3(a) to (d) in relation to</p>	<ul style="list-style-type: none"> • Bi-annual review of IT user access for any inappropriate access to systems by Beon, ENEA and NG/E staff. As a part of this process the business owners of each ring-fenced application must approve access and permissions <p>Test Performed:</p> <ul style="list-style-type: none"> • We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline • We sighted the information register is publicly available on the CitiPower/ Powercor website • We made enquiry of the Regulatory Projects Manager and confirmed that All information requests received were added to the information register • We obtained redacted copies of all emails sent to the ring-fencing mailbox and reviewed the email correspondence received during the year and did not identify any information requests not added to the register • We tested the design operating effectiveness of IT access controls • We tested the design and operating effectiveness of the monthly and bi-annual IT user access attestation forms • We obtained an IT user access listing for all CitiPower/ Powercor systems that contain confidential information and compared to listing of Beon, ENEA and NG/E employees to determine whether there is any inappropriate access. 			

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			that information as if the other legal entity was a DNSP.				
15	Information register	4.3.4 (a) - (c)	<p>(a) A DNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> i. related electricity service providers; 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 4.3.4(a), and must make the register publicly available on its website. <p>(b) For each legal entity that has requested that a DNSP provide access to information identified in clause 4.3.4(a), the DNSP’s information register must:</p> <ul style="list-style-type: none"> i. identify the kind of information requested by the legal entity; and ii. describe the kind of information requested by the legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP. <p>(c) A legal entity may request that the DNSP include it on the information register in relation to some or all of the kinds of information that the DNSP is</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Information sharing protocol and information sharing register is publicly available <p>Test Performed:</p> <ul style="list-style-type: none"> • We have reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline • We sighted the information register is publicly available on the CitiPower/ Powercor website • We note as part of our testing performed, there was a request made in the current period to be added to the information sharing register. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

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			required to provide under clause 4.3.4(a), and the DNSP must comply with that request.				
16	Conduct of service providers	4.4.1 (a)	<p>A DNSP: (a) must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those services, with:</p> <p>i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and</p> <p>ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> Standard terms and conditions for CitiPower/Powercor supply contracts have been amended to include compliance with ring-fencing requirements. Purchase orders include ring-fencing clauses. These standard terms and conditions are included in all new and amended contracts for suppliers involved in the provision of direct control services All non-compliant contracts from the prior audits have either expired or have been amended to include ring fencing clauses <p>Test Performed:</p> <ul style="list-style-type: none"> We selected a sample of suppliers with new contracts entered into in the period to determine whether the Standard Terms and Conditions attached to the contract contained the requirement to comply with ring-fencing Guideline We obtained the standard contract template, verifying it appropriately included a clause relating to the ring fencing obligation requirements. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
17	Conduct of service providers	4.4.1 (b)	A DNSP: (b) must not, directly or indirectly, encourage or incentivise a service provider to engage in conduct which, if	<p>Key Control(s):</p> <ul style="list-style-type: none"> Internal controls implemented within the procurement team to ensure Beon procurement staff cannot see CitiPower/Powercor tenders 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

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			the DNSP engaged in the conduct itself, would be contrary to the DNSP's Obligations.	<ul style="list-style-type: none"> Decision matrix provided to procurement staff to apply in contract negotiations Procurement staff incentive scheme amended to include ring-fencing KPIs <p>Test Performed:</p> <ul style="list-style-type: none"> We performed a walkthrough of the tender management system and verified no inappropriate access to the system by Beon staff and that suppliers do not have ability to view tender information submitted by other suppliers We obtained the procurement decision tree matrix and validated it included Ringfencing clause requirement guidance 			
18	Waiver register	5.7 (a)	A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) and must make the register publicly available on its website.	<p>Key Control(s):</p> <ul style="list-style-type: none"> Waiver register is maintained, and updated when a waiver is granted and publicly made available on our website <p>Test Performed:</p> <ul style="list-style-type: none"> We sighted that the waiver register is publicly available on CitiPower/Powercor's website 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
19	Waiver register	5.7 (b)	The register established under clause 5.7(a) must include: i. the description of the conduct to which the waiver or interim waiver applies; and ii. the terms and conditions of the waiver or interim waiver; as set out in the AER's written decision, provided by	<p>Key Control(s):</p> <ul style="list-style-type: none"> Waiver register is maintained, and updated when a waiver is granted and publicly made available on our website <p>Test Performed:</p> <ul style="list-style-type: none"> We cross-checked the details contained on the waiver register against the waiver decisions published on the AER website. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

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			the AER to the DNSP, to grant (or vary) the waiver or interim waiver.				
20	Maintaining compliance	6.1	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its Obligations under this Guideline.	<p>Key Control(s):</p> <ul style="list-style-type: none"> Mandatory online training on the ring-fencing requirements is performed by new employees as part of induction Specific field staff training on ring-fencing requirements is performed every three years Targeted ring-fencing training is performed within the business where there is a material change in the ring-fencing guideline, significant staff turnover, or upon the identification of guideline breaches. General Manager annual compliance review and declaration <p>Test Performed:</p> <ul style="list-style-type: none"> We reviewed the training material and the attendance register. We obtained redacted copies of all emails sent to the ring-fencing mailbox and reviewed the email correspondence received during the year Reviewed the VPN breach reporting policy for appropriateness. We obtained and reviewed the General Manager Annual Compliance review and declarations. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception
21	Annual compliance report	6.2.1 (a), (b) (c)	a) A DNSP must prepare an annual ring-fencing compliance report each calendar year in	<p>Key Control(s):</p> <ul style="list-style-type: none"> Mandatory online training on the ring-fencing requirements is performed for new employees as part of induction 	Based on the testing performed we have not identified any matters of exception against the	None noted.	No Exception

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			<p>accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>b) The annual compliance report must identify and describe, in respect of the regulatory year to which the report relates:</p> <p>i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline;</p> <p>ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP; and</p> <p>iii. all other services provided by the DNSP in accordance with clause 3.1; and</p> <p>iv. the purpose of all transactions between the DNSP and an affiliated entity.</p> <p>c) The annual compliance report must be accompanied by an assessment of compliance by a suitably qualified independent authority.</p>	<ul style="list-style-type: none"> • Specific field staff training on ring-fencing requirements is performed every three years • Targeted ring-fencing training is performed within the business where there is a material change in the ring-fencing guideline, significant staff turnover, or upon the identification of guideline breaches • A mailbox is maintained by the Regulation group for CitiPower/Powercor to report any potential breaches • A materiality and breach reporting policy is available to all staff on the intranet • A monthly ring-fencing champions meeting is held to identify and assess any ring-fencing issues as they arise <p>Test Performed:</p> <ul style="list-style-type: none"> • We reviewed the training material and noted that the training included the requirement not to discriminate • We performed sample testing of training attendance register to assess whether it was accurate • We selected a sample of employees that did not attend training and inspected the reason for non-completion. • We reviewed the draft annual ring-fencing compliance report to assess whether it includes all required information and that the disclosures are consistent with our expectation based on the reasonable assurance procedures performed. • Obtained and reviewed sign-off by the Head of Regulation on the final compliance report 	<p>obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • CitiPower/Powercor have prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual. • The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority. 		

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22	Timing of Annual compliance reporting	6.2.2	<p>(a) 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) A DNSP is not required to submit an annual compliance report for its regulatory year in which this Guideline commences."</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> Independent assessment of compliance conducted by Deloitte, a suitably qualified independent authority <p>Test Performed:</p> <ul style="list-style-type: none"> n/a – procedures are outlined in this report. 	With the timing of issuance of this report, we have not identified any matters of exception against the obligation.	None noted.	No Exception
23	Regulated stand-alone power systems reporting	6.2.3 (a), (b)	<p>(a) A DNSP must establish, maintain and keep a register that identifies, for each regulated stand-alone power system used by the DNSP to provide other services:</p> <p>i. the local government area in which the regulated stand-alone power system is deployed;</p> <p>ii. the number of premises served by the regulated stand-alone power system;</p> <p>iii. the maximum demand, in kW, served by the regulated stand-alone power system;</p> <p>iv. the aggregated annual average energy consumption, in kWh, of the premises served by the regulated stand-alone power system;</p> <p>v. the revenue earned by the DNSP for providing other services by means of the regulated stand-alone power systems in the current calendar year; and</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> A SAPS waiver register is updated quarterly by Regulation and verification is performed to ensure it is publicly available on the website. <p>Test Performed:</p> <ul style="list-style-type: none"> We have selected a sample of the quarterly registers and have verified that the register was updated and published on the website within the required timeframes. 	Based on the testing performed we have not identified any matters of exception against the obligation.	None noted.	No Exception

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			<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) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of the register referred to in clause 6.2.3(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>				
24	Compliance breaches	6.3	<p>A DNSP must notify the AER in writing within 15 (fifteen) business days of becoming aware of a material breach of its obligations under this Guideline.</p>	<p>Key Controls:</p> <ul style="list-style-type: none"> • Mandatory training on the ring-fencing requirements • A breach register is maintained and updated by the Regulations team • General Manager Annual Compliance review and declaration • A materiality and breach reporting policy is available to all staff on the intranet. In this policy CitiPower/ Powercor commit to report all potential breaches to the AER within fifteen business days <p>Test Performed:</p> <ul style="list-style-type: none"> • We obtained redacted copies of all emails sent to the ring-fencing mailbox and 	<p>Based on the testing performed we have not identified any matters of exception against the obligation.</p>	<p>None noted.</p>	<p>No Exception</p>

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				<p>reviewed the email correspondence received during the year</p> <ul style="list-style-type: none"> • We reviewed and assessed the breach register • We obtained and reviewed the General Manager Annual Compliance review and declarations • We reviewed the training content and confirmed that this did include the process for reporting breaches through the ring-fencing inbox which is monitored by the regulations team. • Reviewed the VPN breach reporting policy for appropriateness. 			