



Independent Reasonable Assurance Report to the Directors of Directlink Joint Venture and Murraylink Transmission Company Pty Limited

Conclusion

In our opinion, Directlink and Murraylink's Statement of Compliance that the entities have complied with the Ring-fencing Guideline published by the AER on 1 March 2023 is, in all material respects, fairly presented for the regulatory period from 1 March 2023 to 31 December 2023.

Scope

The subject of our assurance engagement is whether Directlink (No. 1) Pty Limited, Directlink (No. 2) Pty Limited, and Directlink (No. 3) Pty Limited (trading as "Directlink Joint Venture" and referred to hereafter as "Directlink") and Murraylink Transmission Company Pty Limited ("Murraylink")'s Statement of Compliance that Directlink and Murraylink (together, "the entities") have complied with the Ring-fencing Guideline published by the Australian Energy Regulator ("AER") on 1 March 2023 ("the Ring-fencing Guideline") is, in all material respects, fairly presented for the regulatory period from 1 March 2023 to 31 December 2023.

This Statement of Compliance accompanies our report, for the purpose of reporting to the Directors of Directlink and Murraylink and the AER.

Basis for Our Conclusion

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- used our professional judgment to plan our procedures and assess the risk of material misstatements in Directlink and Murraylink's Statement of Compliance that the entities have complied with the Ring-fencing Guideline;
- considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.



Summary of Procedures Performed, Observations and Findings

In Appendix A, we provide an overview of the key procedures, observations and findings in relation to each of the Ring-fencing Guideline requirements. This overview is provided at the request of the AER to provide greater transparency over the work we performed. Our conclusion is not modified in this respect.

In Appendix B, we have summarised performance improvement observations. Our conclusion is not modified in respect of these observations.

How We Define Reasonable Assurance and Material Misstatement

- Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement in Directlink and Murraylink's Statement of Compliance when it exists.
- Instances of misstatement in Directlink and Murraylink's Statement of Compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of Directlink and Murraylink's compliance with the Ring-fencing Guideline.

Inherent Limitations

- Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or material misstatement in Directlink and Murraylink's Statement of Compliance may occur and not be detected.
- A reasonable assurance engagement for the regulatory period from 1 March 2023 to 31 December 2023 does not provide assurance on whether compliance with the compliance requirements of the Ring-fencing Guideline will continue in the future.

Use of this Assurance Report and Matters Relating to Electronic Publication

This report has been prepared for the Directors of Directlink and Murraylink and the AER for the purpose of compliance with the Ring-fencing Guideline and may not be suitable for another purpose.

We understand that the AER intends to publicly release our assurance report via its website. The AER is responsible for the integrity of AER's website where our report is presented alongside the Compliance Report. We have not been engaged to report on the integrity of the AER's website. This report refers only to the Statement of Compliance and does not provide an opinion on any other information which may have been hyperlinked to/from the Compliance Report. If users of the Compliance Report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the Compliance Report to confirm the information contained in this website version of the Compliance Report.

We disclaim any assumption of responsibility for any reliance on this report, or the Compliance Report to which it relates to any person other than the Directors of Directlink and Murraylink and the AER, or for any purpose other than that for which it was prepared.



Management's Responsibility

Management is responsible for:

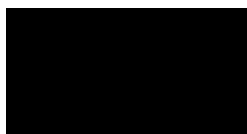
- the compliance activities undertaken to meet the requirements of the Ring-fencing Guideline;
- identification of the risks that threaten the compliance with the Ring-fencing Guideline from being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance; and
- preparing a Compliance Report and providing a Statement of Compliance with respect to the outcome of the evaluation of the compliance activity against the Ring-fencing Guideline, which accompanies this Independent Assurance Report.

Our Responsibility

Our responsibility is to perform a reasonable assurance engagement in relation to Directlink and Murraylink's Statement of Compliance with the Ring-fencing Guideline, for the regulatory period from 1 March 2023 to 31 December 2023 and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.



KPMG

Sydney

30 April 2024



Appendix A: Summary of procedures performed, observations and findings

In this section, we present an overview of key procedures performed, observations and findings as part of our reasonable assurance engagement in respect Directlink and Murraylink's compliance activities with the relevant requirements of the Ring-fencing Guideline for the regulatory period from 1 March 2023 to 31 December 2023.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our conclusion reported in the Independent Reasonable Assurance Report.

We performed the following general procedures to assess Directlink and Murraylink's overall compliance with the Ring-fencing Guideline:

- Read the Compliance Report to obtain an understanding of Directlink and Murraylink's overall compliance strategy, measures and internal controls for Ring-fencing;
- Conducted interviews to obtain an understanding of the compliance activities undertaken to implement the required compliance measures, including ongoing compliance uplift activities given the transitional arrangements in place under clause 7 of the Ring-fencing Guideline; and
- Inspected supporting evidence which included policies, procedures and practices undertaken to embed Ring-fencing compliance measures during the period.



The following table provides a summary of procedures, observations and findings for each Ring-fencing guideline requirement:

Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
Legal Separation			
3.1(a) A TNSP must be a legal entity.	<ul style="list-style-type: none"> The new corporate entity registration process takes ring-fencing compliance into account, including the appropriate appointment of directors. 	<ul style="list-style-type: none"> Performed search from NEM registered participants lists for Directlink and Murraylink using their separate ABNs. Performed search on Australian Business Register website using ABNs of Directlink and Murraylink. Inspected the entities' policy for registration of an entity or appointment of new directors. 	None.
3.1(b) Subject to clauses 3.1(c), (d) and (e), a TNSP may provide transmission services, but must not provide other services.	<ul style="list-style-type: none"> Directlink and Murraylink provide transmission services and do not provide other services. 	<ul style="list-style-type: none"> Read the Annual Compliance Report and enquired of management to obtain an understanding of Directlink and Murraylink's operations and operating environment. 	None.
3.1(c) Notwithstanding any other provision of this Guideline, a TNSP must not: i. enter into any new agreement; or ii. agree a material variation to an existing agreement where such new or varied agreement grants another legal entity the right to use any energy storage device which is owned, operated or controlled by the TNSP,	<ul style="list-style-type: none"> Any new or varied agreement between a TNSP and a service provider requires that the service provider complies with the non-discrimination, staff sharing and information access obligations as if the service provider was the TNSP. Ring-fencing related clauses are 	<ul style="list-style-type: none"> Inspected the entities' policy for new contracts or variation of existing contracts. Inspected the Procurement template that would be used as part of the procurement process applied to all contracts. Obtained a list of active procurement contracts for the regulatory period and noted that no new contract or material variations to existing contracts were made during the regulatory period. 	None.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>unless it is for the sole purpose of providing that TNSP with network support services.</p>	<p>included in legally approved templates used for procurement.</p> <ul style="list-style-type: none"> A process exists to ensure that a TNSP will not enter into a new agreement or agree to a material variation to an existing agreement where the agreement grants another legal entity the right to use any energy storage device which is owned, operated or controlled by the TNSP, unless it is for the sole purpose of providing that TNSP with network support services. 		
<p>Separate accounts</p>			
<p>3.2.1(a) A TNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the TNSP and its affiliated entities.</p> <p>3.2.1(b) For the avoidance of doubt a TNSP cannot apply for a waiver of the obligations set out in this clause</p>	<ul style="list-style-type: none"> Financial account establishment and maintenance: <ul style="list-style-type: none"> Separate financial accounts are established and maintained to ensure the extent and nature of transactions 	<ul style="list-style-type: none"> Obtained the organisations' policy for maintenance of separate accounts. Inspected the separate regulatory accounts for Murraylink and Directlink which were submitted to AER for the regulatory period ending on 30 June 2023. Checked the intercompany transactions are in accordance with signed agreement (MOMSCA) with service providers. 	<p>None.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
3.2.1.	<p>between TNSP and its affiliated entities are demonstrated.</p> <ul style="list-style-type: none"> - Cost Allocation Principles and an approved Cost Allocation Methodology are used to allocate and attribute costs between transmissions services and other services. - Records are kept demonstrating to the AER how the above is met. 		
Cost Allocation and Attribution			
3.2.2(a) A TNSP must allocate or attribute costs (including costs allocated or attributed to the TNSP by a parent entity) to transmission services in a manner that is consistent with the Cost Allocation Principles and its approved Cost Allocation Methodology, as if the Cost Allocation Principles and Cost Allocation Methodology otherwise applied to the allocation and	<ul style="list-style-type: none"> • Financial account establishment and maintenance: <ul style="list-style-type: none"> - Separate financial accounts are established and maintained to ensure the extent and nature of transactions between TNSP and 	<ul style="list-style-type: none"> • Obtained the organisations' policy for maintenance of separate accounts. • Inspected the separate regulatory accounts for Murraylink and Directlink which were submitted to AER for the regulatory year ended on 30 June 2023. • Checked the intercompany transactions are in accordance with the signed agreement (MOMSCA) with service providers. 	None.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>attribution of costs between transmission services and other services.</p> <p>3.2.2(b) A TNSP must only allocate or attribute costs to transmission services in accordance with clause 3.2.2(a) and must not allocate or attribute other costs to the transmission services it provides.</p> <p>3.2.2(c) A TNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and (b).</p>	<p>its affiliated entities are demonstrated.</p> <ul style="list-style-type: none"> - Cost Allocation Principles and an approved Cost Allocation Methodology are used to allocate and attribute costs between transmissions services and other services. - Records are kept demonstrating to the AER how the above is met. • Cost Allocation Principles and an approved Cost Allocation Methodology are used to allocate and attribute costs between transmissions services and other services 	<ul style="list-style-type: none"> • Inspected Directlink’s and Murraylink’s CAM policy published on APA’s website. <p>We considered the appropriateness of Directlink and Murraylink’s CAM as part of this audit engagement. Our procedures included:</p> <ul style="list-style-type: none"> • Walkthroughs of key processes and activities related to cost allocation. • For a sample of costs incurred, agreeing to supporting documentation and assessing the reasonableness of the cost allocation based on the nature of the cost incurred. 	
Obligations to not discriminate			
<p>4.1(b) TNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a</p>	<ul style="list-style-type: none"> • Ring-fencing policy and procedures kept up to date by APA Legal. 	<ul style="list-style-type: none"> • Inspected the Ring-fencing policies and noted that these were last updated in July 2023. • Inspected the organisations’ policy on dealing with 	<p>Trainings</p> <p>The process for identifying relevant employees who need to complete Ring-</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>competitor (or potential competitor) of a related electricity service provider in connection with the provision of prescribed transmission services by the TNSP (whether to itself or to any other legal entity).</p> <p>4.1(c) Without limiting its scope, clause 4.1(b) requires a TNSP to:</p> <p>i) in dealing or offering to deal with a related electricity service provider, treat the related electricity service provider as if it were not a related electricity service provider (that is, as if it had no connection or affiliation with the TNSP);</p> <p>ii) in like circumstances, deal or offer to deal with a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider on substantially the same terms and conditions.</p> <p>iii) in like circumstances, provide substantially the same quality, reliability, and timeliness of service to a related electricity service provider and a</p>	<p>Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <ul style="list-style-type: none"> Ring-fencing training - Annual training (face-to-face PowerPoint presentation) to an audience selected based on their day-to-day role (includes all of S&C team and other affected parties). APA Legal to advise on (and sign off) certain practices (e.g. bundled pricing, development of deal-specific ring fencing protocol) and competition & consumer law issues (as needed). 	<p>customers that could also be competitors.</p> <ul style="list-style-type: none"> Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to not provide other services. Inspected the training attendance and completion records for the year ended 31 December 2023 for ring-fencing training during the compliance period. 	<p>Fencing training is manual. These employees are identified through email communication with their respective departmental general managers.</p> <p>Directlink and Murraylink's processes could be improved through establishment of formal and systemized processes to:</p> <ul style="list-style-type: none"> identify relevant employees that should complete Ring-fencing training, including new joiners and track timely completion of training (PIO 1).



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>competitor (or potential competitor) of the related electricity service provider.</p> <p>iv) subject to clause 4.2.2(b), not disclose to a related electricity service provider information the TNSP 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>			
Protection of ring-fenced information			
<p>4.2.1 Subject to this clause 4.2, A TNSP 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>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by APA Legal. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. 	<ul style="list-style-type: none"> Inspected the Ring-fencing policies and noted that these were last updated in July 2023. Inspected the organisations' policy on dealing with customers that could also be competitors. Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to not provide other services. Inspected the training attendance and completion records for the year ended 31 December 2023 for ring-fencing training during the compliance period. Inspected the enterprise security policy and noted that it was last updated in May 2023. 	<p>Refer to our observations above under 4.1.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
	<ul style="list-style-type: none"> Ring-fencing training - Annual training (face-to-face PowerPoint presentation) to an audience selected based on their day-to-day role (includes all of S&C team and other affected parties) Annual Mandatory Enterprise Security Training conducted through LMS under course ID TRN-H026-1 	<ul style="list-style-type: none"> Sighted the annual mandatory enterprise security training completion status from reporting system. 	
Disclosure of information			
<p>4.2.2 A TNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless</p> <p>(a) the TNSP 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>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by APA Legal. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal 	<ul style="list-style-type: none"> Inspected the Ring-fencing policies and noted that these were last updated in July 2023. Inspected the organisations' policy on dealing with customers that could also be competitors. Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to not provide other services. Inspected the training completion records for the year ended 31 December 2023 for ring-fencing training during the compliance period. 	<p>Refer to our observations above under 4.1.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>(c) the disclosure is necessary to enable the TNSP to provide transmission services or (if authorised in accordance with the waiver process set out in clause 5 of this Guideline) 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 non-regulated transmission 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 TNSP;</p> <p>(g) a related electricity service provider of the TNSP has</p>	<p>requirements..</p> <ul style="list-style-type: none"> Ring-fencing training - Annual training (face-to-face PowerPoint presentation) to an audience selected based on their day-to-day role (includes all of S&C team and other affected parties). 		



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>requested the disclosure and the TNSP complies with clause 4.2.3 in relation to that ring-fenced information; or</p> <p>(h) another legal entity, other than a related electricity service provider of the TNSP, has requested the disclosure.</p>			
Sharing of information			
<p>4.2.3</p> <p>(a) Subject to clause 4.1(c)(iv), and to this clause 4.2.3, where a TNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information that a TNSP has disclosed under clause 4.2.2(f) or (h) is then disclosed by any person to a related electricity service provider of the TNSP, the TNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p> <p>(b) A TNSP is only required by clause 4.2.3(a) to provide information to a legal entity where:</p>	<ul style="list-style-type: none"> An Information Sharing Protocol has been established that sets out how and when APA will make relevant information available to legal entities. The protocol is available on APA's website. 	<ul style="list-style-type: none"> Accessed the APA external website and checked that Directlink and Murraylink's information sharing protocol was publicly available and included all information required by the obligation. 	None.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<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 a related electricity service provider, in relation to the provision of contestable electricity services.</p> <p>(c) A TNSP is not required by clause 4.2.3(a) to provide information to a legal entity where the TNSP has disclosed the information in the circumstances set out in clauses 4.2.2(a) to (e).</p> <p>(d) Without limiting clause 4.2.3(a), a TNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.2.3(a) available to legal entities, and must make that protocol publicly available on its website.</p> <p>(e) Where a TNSP discloses information referred to in clause 4.2.3(a) to any other legal entity under this clause 4.2.3, it must do so on terms and conditions that</p>			



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>require the other legal entity to comply with clause 4.2.1 and 4.2.2(a) to (d) in relation to that information as if the other legal entity was a TNSP.</p>			
Information register			
<p>4.2.4(a) A TNSP must establish, maintain and keep a register of all:</p> <p>(i) related electricity service providers;</p> <p>(ii) other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP; who request access to information identified in clause 4.2.3(a), and must make the register publicly available on its website.</p> <p>(b) For each related electricity service provider or other legal entity that has requested that a TNSP provide access to information identified in clause 4.2.3(a), the TNSP's information register must:</p> <p>(i) identify the kind of information requested by the related electricity</p>	<ul style="list-style-type: none"> • Information and Waiver Registers are maintained and publicly available on the APA Website. Each are reviewed periodically for accuracy. The Information Register is maintained to keep a record of all: <ul style="list-style-type: none"> - related electricity services providers - other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP. <p>The information register also identifies information requested by related electricity service provider or legal</p>	<ul style="list-style-type: none"> • Accessed the APA external website and checked that Directlink and Murraylink's information registers and waiver registers were publicly available and included all information required by the obligation. 	None.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>service provider or other legal entity; and</p> <p>(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 TNSP.</p> <p>(c) A legal entity may request that the TNSP include it on the information register in relation to some or all of the kinds of information that the TNSP is required to provide under clause 4.2.3(a), and the TNSP must comply with that request.</p>	<p>entity in sufficient detail.</p> <ul style="list-style-type: none"> - the description of the conduct to which the waiver or interim waiver applies; and - the terms and conditions of the waiver or interim waiver 		
Information access and disclosure			
<p>4.3 a) A TNSP must ensure that:</p> <p>(i) marketing staff involved in the provision of prescribed transmission services are also not staff involved in the provision of contestable electricity services by a related electricity service provider; and</p>	<ul style="list-style-type: none"> • Ring-fencing policy and procedures kept up to date by APA Legal. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also 	<ul style="list-style-type: none"> • Inspected the Ring-fencing policies and noted that these were last updated in July 2023. • Inspected the organisations' policy on dealing with customers that could also be competitors. • Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to not provide other services. 	<p>Refer to our observations above under 4.1.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>(ii) staff involved in the provision of prescribed transmission services are not marketing staff involved in the provision of contestable electricity services by a related electricity service provider.</p>	<p>be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <ul style="list-style-type: none"> • Ring-fencing training - Annual training (face-to-face PowerPoint presentation) to an audience selected based on their day-to-day role (includes all of S&C team and other affected parties). • Restriction of attendance at internal and external meetings, calls and on emails is reinforced in annual training and the ring fencing manual. Responsibility also lies with Executives and GMs to enforce the culture. 	<ul style="list-style-type: none"> • Inspected the training content for restriction on attendance at internal and external meetings, calls and on emails. • Inspected the training attendance and completion records for the year ended 31 December 2023 for ring-fencing training during the compliance period. 	

Service Providers



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>4.4.1.(a) must ensure that any new or varied agreement between the TNSP and a service provider, for the provision of services to the TNSP that enable or assist the TNSP to provide prescribed transmission services, requires the service provider to comply, in providing those services, with clauses 4.1, 4.2.1 and 4.3 of this Guideline as if the service provider was the TNSP; and</p> <p>b) must not, directly or indirectly, encourage or incentivise a service provider to engage in conduct which, if the TNSP engaged in the conduct itself, would be contrary to the TNSP's obligations under clause 4 of this Guideline.</p>	<ul style="list-style-type: none"> Any new or varied agreement between a TNSP and a service provider requires that the service provider complies with the non-discrimination, staff sharing and information access obligations as if the service provider was the TNSP. Ring-fencing related clauses are included in legally approved templates used for procurement. 	<ul style="list-style-type: none"> Inspected the entities' policy for new contracts or variation of existing contracts. Inspected the Procurement template that would be used as part of the procurement process applied to all contracts. Obtained a list of active procurement contracts for the regulatory period and noted that no new contract was signed during the year or material variations made to existing contract. 	None.
Waivers register			
<p>5.7 (a) A TNSP must establish, maintain, and keep a register of all waivers (including any variation of a waiver) granted to the TNSP by the AER under clause 5 of this Guideline, and must make the register</p>	<ul style="list-style-type: none"> Information and Waiver Registers are maintained and publicly available on the APA Website. Each are reviewed periodically for 	<ul style="list-style-type: none"> Accessed APA's external website and sighted that the Directlink and Murraylink waiver registers were publicly available and included all information required by the obligations. 	None.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>publicly available on its website.</p> <p>5.7 (b) The register established under clause 5.7(a) must include:</p> <p>i. the description of the conduct to which the waiver or interim waiver applies; and</p> <p>ii. the terms and conditions of the waiver or interim waiver; as set out in the AER's written decision, provided by the AER to the TNSP, to grant (or vary) the waiver or interim waiver.</p>	<p>accuracy.</p> <p>The Information Register is maintained to keep a record of all:</p> <ul style="list-style-type: none"> - Related electricity service providers - Other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP. <p>The information register also identifies information requested by related electricity service provider or legal entity in sufficient detail.</p> <p>The Waiver Register includes:</p> <ul style="list-style-type: none"> - The description of the conduct to which the waiver or interim waiver applies; and - The terms and conditions of the waiver or interim waiver. 		



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
Maintaining Compliance			
<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 clause 6A.21.1 of the NER.</p>	<ul style="list-style-type: none"> • Compliance Management System (CMS) Procedure sets out APA's approach to meetings its obligations. The CMS is available on Empower and accessible to all staff. The CMS is reviewed every 2 years by the Group Compliance Manager. Processes captured in the CMS relate to: <ul style="list-style-type: none"> - Regulatory Change and control review post change - Policy Management - Incidents - Compliance Control Assurance - Governance and Reporting • Ring-fencing policy and procedures kept up to date by APA Legal. Policy sets out APA 	<ul style="list-style-type: none"> • Inspected the following policies for recency and appropriate review: <ul style="list-style-type: none"> - compliance management system policy. - risk management system policy. - Ring-fencing policies (last updated in July 2023). - policy on dealing with customers that could also be competitors. • Inspected the Ring-fencing training materials to determine whether the content accurately reflected Directlink and Murraylink's obligation to not provide other services. • Inspected the training attendance and completion records for the year ended 31 December 2023 for ring-fencing training during the compliance period. 	<p>Refer to our observations above under 4.1.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
	<p>Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <ul style="list-style-type: none"> • Ring-fencing training - Annual training (face-to-face PowerPoint presentation) to an audience selected based on their day-to-day role (includes all of S&C team and other affected parties). • Electricity Market Compliance Plans: Ring fencing obligations are assigned to appropriate owners, and controls are documented in the appropriate compliance plans. • Risk Management System (RMS) 		



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
	<p>Procedure has been established to provide consistent procedures for risk management across APA.</p> <p>The procedure document is reviewed every 2 years by the Head of Risk, and is accessible to all staff via Empower. Training on the Risk Management Procedures is provided through the online Risk Fundamentals course in LMS.</p> <p>Processes captured in the document relate to how the following must be managed across APA:</p> <ul style="list-style-type: none"> - Risk assessment, monitoring, treatment and recording - Process Control effectiveness and controls assurance - Incident management and Business Recovery - Emerging Risks and 		



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
	Opportunities		
Maintaining compliance			
<p>6.2.1(a) A TNSP 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) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <p>i. the measures the TNSP has taken to ensure compliance with its obligations under this Guideline;</p> <p>ii. any breaches of this Guideline by the TNSP, or which otherwise relate to the TNSP;</p> <p>iii. all other services provided by the TNSP in accordance with clause 3.1; and</p> <p>iv. the purpose of all transactions between the TNSP and an affiliated entity.</p> <p>c) The annual compliance report must be accompanied by an assessment of compliance by a</p>	<ul style="list-style-type: none"> The Economic Reg & Ext Pol Team prepares an annual ring-fencing compliance report and submits this to the AER by April 30th each year i.e. within four months of the end of the calendar year to which the compliance report relates. The Compliance Report is also accompanied by an assessment of compliance with each provision of the Ring-fencing guideline by a suitably qualified independent authority. Prepare and submit Ring Fencing Compliance Report for Electricity Transmission Assets 	<ul style="list-style-type: none"> Inspected Directlink and Murraylink' s Compliance Report for the period 1 March 2023 to 31 December 2023 to determine whether the report addresses points (i) to (iv) of clauses 6.2.1(b). 	None.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>suitably qualified independent authority.</p>			
<p>6.2.2(a) A TNSP must submit its annual compliance report to the AER within four months of the end of the regulatory year to which the compliance report relates.</p>			
<p>Compliance breaches</p>			
<p>6.3 A TNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline. The AER may seek enforcement of this Guideline by a court in the event of any breach of this Guideline by a TNSP, in accordance with the NEL.</p>	<ul style="list-style-type: none"> Ring-fencing policy and procedures kept up to date by APA Legal. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements. The Economic Reg & Ext Pol Team has a process in place to notify the AER in writing within 15 business days of becoming aware of a breach of its obligations 	<ul style="list-style-type: none"> Inspected policies and procedures to determine whether entities has definitions for what constitutes a breach and managers are educated on assessing breaches and notifying the AER with 15 days. Inquired of management for any breaches identified and/or reported during the year. 	<p>None.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
	under the Ring-fencing Electricity Transmission Guideline.		
Complaints and investigations			
<p>6.4 The AER may, at any time, require a TNSP to provide a written response to a complaint or concern the AER raises with the TNSP about its compliance with this Guideline, including where the AER has previously required the TNSP to provide one or more written responses to the relevant complaint or concern.</p>	<ul style="list-style-type: none"> Ring-fencing email address maintained to deal with queries and escalations. 	<ul style="list-style-type: none"> Obtained email address maintained by management for any complaints or concerns raised by AER. Inquired management and confirmed that no complaints or concerns were raised by AER during the year. 	None.



Appendix B: Summary of performance improvement observations for the compliance period from 1 March 2023 to 31 December 2023

In this section, we present additional details on performance improvement observations in relation Directlink and Murraylink’s compliance activities for the regulatory period from 1 March 2023 to 31 December 2023. This information has been provided at the request of the AER.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our opinion or conclusion reported in the Independent Reasonable Assurance Report.

KPMG has discussed the PIO below with Directlink and Murraylink management. Directlink and Murraylink have advised that they acknowledge the findings below and that the PIO will be given the requisite attention upon broader consultation with the specific functional areas of the business.

Ref	Observation	Recommendation
PIO 1	Trainings The process for identifying relevant employees who need to complete Ring-Fencing training is manual. These employees are identified through email communication with their respective departmental general managers.	Directlink and Murraylink’s processes could be improved through establishment of formal and systemized processes to: <ul style="list-style-type: none">- identify relevant employees that should complete Ring-fencing training, including new joiners and- track timely completion of training.