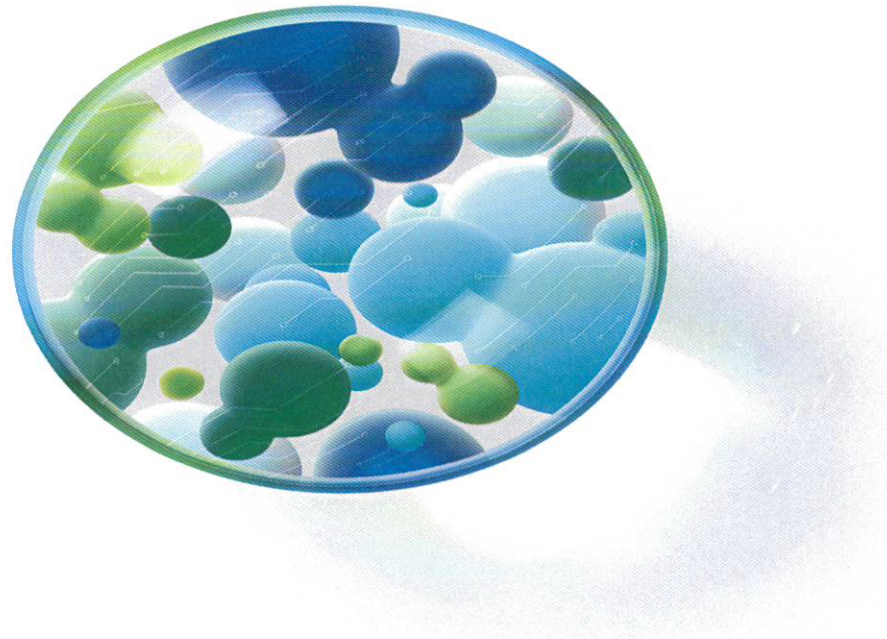


Deloitte.



Tasmanian Networks Pty Ltd
Ring-Fencing Guideline Compliance Report
For the year ended 31 December 2023

Table of Contents

- 1. Executive Summary 2
- 2. Independent Assurance Report to the Directors of Tasmanian Networks Pty Ltd 6
- 3. Detailed Findings 9

- APPENDIX 30



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22 April 2024

Ms Kathryn Hansson
Team Leader Compliance and Risk
TasNetworks
1/7 Maria Street
Lenah Valley, TAS 7008

Dear Kathryn

Ring-Fencing Guideline Compliance Report

Thank you for engaging us to undertake the audit of Tasmanian Networks Pty Ltd's Ring-Fencing Compliance report.

Please find our report attached and if you have any questions, please do not hesitate to contact me directly.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner

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1. Executive Summary

1.1 Introduction

Under the National Electricity Rules (the “NER”) the Australian Energy Regulator (the “AER”) published Version 3 of the Ring-Fencing Guideline (Electricity Distribution) on 3 November 2021, and Version 4 of the Ring-Fencing Guideline (Electricity Transmission) on 4 March 2023 (together, the “Guidelines”). The Guidelines require 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 Guidelines, Deloitte has been engaged per the engagement letter between Tasmanian Networks Pty Ltd (“TasNetworks”) and Deloitte dated 09 January 2024 as the qualified independent authority to provide reasonable assurance that TasNetworks Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guidelines as evaluated against 6.2.1b of the Guidelines, in all material respects, 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 or improvement was identified. The rating of each Obligation has been applied in accordance with *Section 1.3* of the Guidelines.

Management responses to the observations and recommendations are included in the Appendix. These do not form part of our report and therefore we do not express an opinion on these.

No.	Guidance Obligation	Results of Testing	Recommendations	Rating	Material Breach
1.	<p>Electricity Distribution</p> <p>4.1 Obligation not to Discriminate</p> <p>(b) A DNISP 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 direct control services by the DNISP (whether to itself or to any other legal entity); and / or contestable electricity services by any other legal entity.</p> <p>(d) A DNISP 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</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and as such communicated these observations to management, with key observations below:</p> <ul style="list-style-type: none"> • The overall completion rate for mandatory ring-fencing training has reached 96%, which outperformed the target of 95%. • We found discrepancy in completion rate which could be caused by: <ul style="list-style-type: none"> ○ Contractors who were labelled under TasNetworks organisation but not obligated to complete the ring-fencing training. ○ Wrong cut-off date for employees with training deadline due in future period 	<p>To ensure that TasNetworks continues to remain compliant with the Guidelines, we suggest TasNetworks to evolve the control environment to ensure their compliance with the training obligations by:</p> <ul style="list-style-type: none"> • Reviewing both current automated learning system controls and hands-on following process to establish policies for following staff for overdue mandatory training. • Establishing policies and procedures for contractors who may need to consider ring-fencing obligations to complete mandatory ring-fencing training. 	No Exception	N/A

No.	Guidance Obligation	Results of Testing	Recommendations	Rating	Material Breach
	<p>otherwise controlled (in whole or in part) by the DNSP.</p> <p>Electricity Transmission</p> <p>4.1 Obligation not to Discriminate</p> <p>(b) A TNSP 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 prescribed transmission services by the TNSP (whether to itself or to any other legal entity).</p>				
2.	<p>Electricity Distribution</p> <p>4.2.1 Physical separation / co-location</p> <p>(a) A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p>	<p>It has been confirmed by Deloitte no contestable electricity services are being conducted for the 2023 calendar year, making no legal need for physical separation as per the Guidelines.</p> <p>It is noted that if in the case that TasNet Connections Pty Ltd (TNC) starts providing contestable electricity services the current physical set-up of TNC being located downstairs of TasNetworks will likely not be sufficient to meet the obligation set out in the Guidelines.</p>	<p>We recommend TasNetworks to implement a timely plan on how TasNetworks compliant under 4.2.1(a) of this Guideline for when contestable electricity services are conducted within TNC.</p>	No Exception	N/A
3.	<p>Electricity Distribution</p> <p>4.3.1 Protection of Confidential Information</p> <p>Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>Electricity Transmission</p> <p>4.2.1 Protection of Confidential Information</p> <p>Subject to this clause 4.2, a TNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> TasNetworks has at current, policies and procedures governing the appropriate management of confidential information as per the Guidelines TasNetworks has several internal controls designed to proactively manage access to ring-fenced information. <p>Deloitte noted that TasNetworks have recently implemented Forcepoint Data Loss Prevention in certain areas of the business but does not currently act as a control on ring-fencing information.</p>	<p>In order for TasNetworks to enhance the management of confidential information as per the Guidelines, Deloitte recommends TasNetworks to review with IT department whether Forcepoint Data Loss Prevention can be further enhanced as a control on ring-fencing information, and to have formal documentation that this review was conducted, along with all recommendations and management action plans.</p>	No Exception	N/A

No.	Guidance Obligation	Results of Testing	Recommendations	Rating	Material Breach
	(b) only use ring-fenced information for the purpose for which it was acquired or generated.				
4.	<p>Electricity Transmission 4.4.1 Conduct of Service Providers</p> <p>(a) A TNSP 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</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> We reviewed TasNetworks Standard Terms and Conditions and checked that it requires service providers to comply with clauses 4.1, 4.2.1 and 4.3 of the Guideline. We selected a sample of suppliers with new contracts entered in the year to confirm that the Standard Terms and Conditions attached to the contract contained the requirement to comply with clauses 4.1, 4.2.1 and 4.3 of the Guideline. We noted that the current terms and conditions contained in contract templates did not refer to transmission guideline 4.4.1 in relation to supply of prescribed transmission services, as TasNetworks currently only have distribution contracts, which we noted were in compliance with the distribution guideline. <p>Nothing has come to our attention to lead us to believe that TasNetworks has not complied with Transmission Guideline, given that TasNetworks has fulfilled Obligation under the Distribution Guideline 4.4.1, of which the consideration is more intensive than the current Transmission requirements.</p>	<p>We recommend TasNetworks to review their current contract templates to ensure transmission ring-fencing guideline obligations are incorporated into the current contracts.</p>	No Exception	N/A
5.	<p>Electricity Distribution 6.1 Maintaining Compliance</p> <p>A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.</p> <p>Electricity Transmission 6.1 Maintaining Compliance</p> <p>A TNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under clause 6A.21.1 of the NER.</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has developed policies, procedures and reporting to ensure that it complies with the obligations under the Guidelines. The ring-fencing training module explains the Guideline obligations in clear terms but does not include any information on reporting of non-compliance. Deloitte noted that 96.6% of TasNetworks employees completed the ring-fencing compliance refresher training and controls are in place to maintain training be completed every two years; however, it does not 	<p>We recommend enhancing the refresher training and onboarding training to include information on reporting of non-compliance.</p>	No Exception	N/A

No.	Guidance Obligation	Results of Testing	Recommendations	Rating	Material Breach
		include any information on reporting of non-compliance.			
6.	<p>Electricity Distribution 6.3 Compliance Breaches A DNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline. The AER may seek enforcement of this Guideline by a court in the event of any breach of this Guideline by a DNSP, in accordance with the NEL.</p> <p>Electricity Transmission 6.3 Compliance Breaches 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>	<p>Based on the testing performed we have not identified matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetwork's have implemented a refresher course employees must complete every two years, but does not include any information on reporting of non-compliance. 	We recommend enhancing the refresher training and onboarding training to include information on reporting of non-compliance.	No Exception	N/A

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.

2. Independent Assurance Report to the Directors of Tasmanian Networks Pty Ltd

Opinion

We have undertaken a reasonable assurance engagement on whether Tasmanian Networks Pty Ltd (“TasNetworks”) Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Ring-Fencing Guideline - Electricity Distribution and Ring-Fencing Guideline – Electricity Transmission (the “Guidelines”) as evaluated against 6.2.1b of the Guidelines in all material respects for the period from 1 January 2023 to 31 December 2023. The Ring-Fencing Compliance Report will accompany our report, for the purpose of reporting to the Australian Energy Regulator (“AER”).

In our opinion, TasNetworks’ Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guidelines as evaluated against 6.2.1b of the Guidelines in all material respects for the from 1 January 2023 to 31 December 2023.

Basis for Opinion

We conducted our 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 Ring-Fencing 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 period from 1 July 2023 – 31 December 2023 will be covered under the Regulatory Information Notice (RIN) reporting for 1 July 2023 to 30 June 2024 regulatory period. This approach is in line with Ring-Fencing 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.

Responsibilities of the Management of TasNetworks

Management is responsible for:

- a) Providing a statement with respect to the outcome of the evaluation of the compliance activity against the requirements of the Guideline, which accompanies this independent assurance report.



- b) Identifying risks that threaten the 6.2.1b of the Guidelines identified above being met;
- c) Identifying suitable compliance requirements in the Guidelines as required by the AER; and
- d) Identifying, designing, and implementing controls to enable the requirements of the Guidelines to be met and to monitor ongoing compliance.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply 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* in undertaking this assurance engagement.

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on whether TasNetworks' Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guidelines as evaluated against 6.2.1b of the Guidelines in all material respects 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 TasNetworks Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guidelines as evaluated against 6.2.1b of the Guidelines in all material respects for the period from 1 January 2023 to 31 December 2023.

An assurance engagement to report on TasNetworks' Ring-Fencing Compliance Report involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements of the Guidelines. The procedures selected depend on our judgement, including the identification and assessment of risks of material misstatement in the Ring-Fencing Compliance Report, as evaluated against 6.2.1b of the Guidelines.

Our procedures included, but were not limited to:

- Inquiring with TasNetworks personnel about controls which are in place to allow TasNetworks 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 procedures.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or exception with compliance requirements 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.

3. Detailed Findings

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

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

Legal Separation		
	Electricity Distribution	Electricity Transmission
Guideline Reference	3.1 (a)	3.1 (a)
Guideline Obligation	A DNSP must be a legal entity .	A TNSP must be a legal entity .
Key Controls and Testing	<p>Key Control</p> <p>Companies and business are separated legally as follows:</p> <ul style="list-style-type: none"> Tasmanian Networks Pty Ltd TasNetworks Holdings Pty Ltd TasNet Connections Pty Ltd Marinus Link Pty Ltd Fortytwo24 Pty Ltd <p>Test Performed</p> <ul style="list-style-type: none"> We performed a search of the ASIC register for the TasNetworks ABN to verify that TasNetworks is a separate legal entity. We inspected the registered ABN as per the ASIC register and compared it to TasNetworks Electricity Supply Industry Distribution Licence; and We inspected invoices of subsidiaries of TasNetworks (“subsidiaries”) and compared the ABN with the ASIC database. 	<p>Key Control</p> <p>Companies and business are separated legally as follows:</p> <ul style="list-style-type: none"> Tasmanian Networks Pty Ltd TasNetworks Holdings Pty Ltd TasNet Connections Pty Ltd Marinus Link Pty Ltd Fortytwo24 Pty Ltd <p>Test Performed</p> <ul style="list-style-type: none"> We performed a search of the ASIC register for the TasNetworks ABN to verify that TasNetworks is a separate legal entity. We inspected the registered ABN as per the ASIC register and compared it to TasNetworks Electricity Supply Industry Transmission Licence; and We inspected invoices of subsidiaries of TasNetworks (“subsidiaries”) and compared the ABN with the ASIC database.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> TasNetworks and its subsidiaries operate on their own individual ABNs. TasNetworks and its subsidiaries deploy individual invoice branding and templates that distinguishes themselves apart clearly. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> TasNetworks and its subsidiaries operate on their own individual ABNs. TasNetworks and its subsidiaries deploy individual invoice branding and templates that distinguishes themselves apart clearly.
Recommendation	N/A	N/A

Rating	No exceptions.	No exceptions.
Legal Separation		
	Electricity Distribution	Electricity Transmission
Guideline Reference	3.1 (b), (c)	3.1 (b), (c)
Guideline Obligation	<p>(b) Subject to clause 3.1, a DNSP may provide distribution services and transmission services but must not provide other services.</p> <p>(c) This clause 3.1 does not prevent:</p> <ol style="list-style-type: none"> i. an affiliated entity of a DNSP from providing other services. ii. a DNSP and a TNSP from being the same legal entity. 	<p>(b) Subject to clauses 3.1(c), (d) and (e), a TNSP may provide transmission services, but must not provide other services.</p> <p>(c) A TNSP must not:</p> <ol style="list-style-type: none"> i. enter into any new agreement; or ii. agree to a material variation to an existing agreement. <p>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, unless it is for the sole purpose of providing that TNSP with network support services.</p>
Key Controls and Testing	<p>Test Performed</p> <ul style="list-style-type: none"> • We reviewed the financial statements of TasNetworks and its subsidiaries, and selected a sample of TasNetworks revenue transactions to detect instances of ‘other services’ being provided by the DNSP. • We reviewed the ‘other services’ which are provided by TasNetworks’ subsidiaries and spoke with lead personnel to understand their operations. 	<p>Test Performed</p> <ul style="list-style-type: none"> • We reviewed the financial statements of TasNetworks and its subsidiaries, and We selected a sample of TasNetworks revenue transactions to detect instances of ‘other services’ being provided by the TNSP. • We reviewed the ‘other services’ which are provided by TasNetworks’ subsidiaries and spoke with lead personnel to understand their operations.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> • TasNetworks was not engaged in other services in 2023, such as solar panels, residential batteries and other non-distribution services. TasNetworks did not provide other services beyond limited corporate services to its affiliated legal entities. Note that TasNetwork would be able to offer battery services in accordance with the class action waiver referred to Waiver Register for DNSP led battery projects. It would be for “community batteries” which are unlikely to directly connect to transmission network. • 42-24 became operational on 1 July 2018 and has been providing non-electricity services related to telecommunications, information technology services and data centres. • Marinus Link was incorporated on 23 November 2018 to facilitate interstate undersea interconnector and associated activities. It did not provide distribution or transmission services in 2023. • TasNet Connections was non-operational during the 2022 -23 financial years. However, it is expected to begin operations in early 2023-24, supplying non-regulated transmission services. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> • TasNetworks has not been engaged in contestable electricity services in 2023, such as solar panels, residential batteries and other non-transmission services. TasNetworks does not provided other services beyond limited corporate services to its affiliated legal entities. • 42-24 became operational on 1 July 2018 and has been providing non-electricity services related to telecommunications, information technology services and data centres. • Marinus Link Pty Ltd, was incorporated on 23 November 2018 to facilitate development and operation of the interstate undersea interconnector and associated activities. It has not provided distribution or transmission services in 2023. • TasNet Connections was non-operational during the 2022 -23 and 2021-22 financial years. However, it is expected to begin operations in early 2023-24, supplying non-regulated transmission services, potentially using the grandfathered legacy transmission assets. In 2023 there were no alternation of existing contracts or new contracts regarding the use of these assets.

Recommendation	N/A	N/A
Rating	No exceptions.	No exceptions.
Separate Accounts		
	Electricity Distribution	Electricity Transmission
Guideline Reference	3.2.1 (a)	3.2.1 (a)
Guideline Obligation	A DN SP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DN SP and its affiliated entities .	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 .
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> SAP accounting system Separate General Ledger Accounts for each entity. <p>Test Performed</p> <ul style="list-style-type: none"> We inspected TasNetworks policies regarding maintaining separate accounts; and We have obtained a list of transactions and account structure within SAP and inspected the general ledger accounts to check that separate general ledger accounts for recording transactions between TasNetworks and its subsidiaries are established. 	<p>Key Control</p> <ul style="list-style-type: none"> SAP accounting system Separate General Ledger Accounts for each entity. <p>Test Performed</p> <ul style="list-style-type: none"> We inspected TasNetworks policies regarding maintaining separate accounts; and We have obtained a list of transactions and account structure within SAP and inspected the general ledger accounts to check that separate general ledger accounts for recording transactions between TasNetworks and its subsidiaries are established.
Results of Testing	Based on the examination of TasNetworks accounting structure and practices, Deloitte considers that TasNetworks possess the ability to remain complaint with 3.2.1 of the Distribution Ring-Fencing Guidelines.	Based on the examination of TasNetworks accounting structure and practices, Deloitte considers that TasNetworks possess the ability to remain complaint with 3.2.1 of the Transmission Ring-Fencing Guidelines.
Recommendation	N/A	N/A
Rating	No exception	No exception
Cost Allocation and Attribution		
	Electricity Distribution	Electricity Transmission
Guideline Reference	3.2.2 (a), (b), (c)	3.2.2 (a), (b), (c)
Guideline Obligation	(a) A DN SP must allocate or attribute costs (including costs allocated or attributed to the DN SP by a parent entity) to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved Cost Allocation Methodology (“CAM”) , as if the Cost Allocation Principles and CAM	(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 (“CAM”) , as if the Cost Allocation Principles

	<p>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>(c) A DNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and 3.2.2(b).</p>	<p>and Cost Allocation Methodology otherwise applied to the allocation and attribution of costs between transmission services and other services.</p> <p>(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>(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>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • Cost Allocation Methodology (“CAM”) approved by the AER • Cost Allocation Calculation • Causal Allocation Drivers • Quarterly Activity Based Costing (ABC) Surveys; and • Annual Independent Regulatory Financial Auditing of Regulatory Information Notices (RIN). <p>Test Performed</p> <ul style="list-style-type: none"> • We obtained documents and procedures for the CAM process to confirm that it addresses the allocation of costs between TasNetworks and its subsidiaries • We obtained Journal entry samples to confirm the effectiveness of the classification and segregation of costs and revenue generated from different regulatory business segments, and checked that they were consistent with the AER approved CAM; and • We inspected the 30 June 2023 annual independent regulatory report to ensure it included a conclusion on the compliance with the allocation of the CAM, and we inspected the 30 June 2023 financial audit reporting to ensure there were no management letter points relating to the CAM. 	<p>Key Control</p> <ul style="list-style-type: none"> • Cost Allocation Methodology (“CAM”) approved by the AER • Cost Allocation Calculation • Causal Allocation Drivers • Quarterly Activity Based Costing (ABC) Surveys; and • Annual Independent Regulatory Financial Auditing of Regulatory Information Notices (RIN). <p>Test Performed</p> <ul style="list-style-type: none"> • We obtained documents and procedures for the CAM process to confirm that it addresses the allocation of costs between TasNetworks and its subsidiaries • We obtained Journal entry samples to confirm the effectiveness of the classification and segregation of costs and revenue generated from different regulatory business segments, and checked that they were consistent with the AER approved CAM; and • We inspected the 30 June 2023 annual independent regulatory report to ensure it included a conclusion on the compliance with the allocation of the CAM, and we inspected the 30 June 2023 financial audit reporting to ensure there were no management letter points relating to the CAM.
Results of Testing	<ul style="list-style-type: none"> • Based on the testing performed, Deloitte considers that TasNetworks possess the ability to remain complaint with 3.2.2 of the Distribution Ring-Fencing Guidelines. 	<p>Based on the testing performed, Deloitte considers that TasNetworks possess the ability to remain complaint with 3.2.2 of the Transmission Ring-Fencing Guidelines.</p>
Recommendation	N/A	N/A
Rating	No exception	No exception
Obligation not to Discriminate		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.1(b), (d)	4.1(b)
Guideline Obligation	(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:	(b) A TNSP 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

	<p>i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or</p> <p>ii. contestable electricity services by any other legal entity.</p> <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>	<p>connection with the provision of prescribed transmission services by the TNSP (whether to itself or to any other legal entity).</p>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • Mandatory Ring-Fencing Training • Ring-Fencing Training Procedure <p>Test Performed</p> <ul style="list-style-type: none"> • Obtained confirmation from the Regulatory team that the subsidiaries do not engage in contestable electricity services. • Inspected training material to ensure staff are educated in the guidelines; and • Examined financial reports of subsidiaries to ensure no contestable electricity revenue is recorded. 	<p>Key Control</p> <ul style="list-style-type: none"> • Mandatory Ring-Fencing Training • Training on information sharing in relation to setup of TasNet Connection • Ring-Fencing Training Procedure <p>Test Performed</p> <ul style="list-style-type: none"> • Obtained confirmation from the Regulatory team that the subsidiaries do not engage in contestable electricity services. • Inspected training material to ensure staff are educated in the guidelines; and • Examined financial reports of subsidiaries to ensure no contestable electricity revenue is recorded.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and as such communicated these observations to management, with key observations below:</p> <ul style="list-style-type: none"> • The overall completion rate for mandatory ring-fencing training has reached 96%, which outperformed the target of 95%. • Some discrepancies within the control lists of trained regarding the completion rate which could be caused by <ul style="list-style-type: none"> ○ Contractors who were labelled under TasNetworks organisation but not obligated to complete the ring-fencing training. ○ Wrong cut-off date for employees with training deadline due in future period 	<p>Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and as such communicated these observations to management, with key observations below:</p> <ul style="list-style-type: none"> • The overall completion rate for mandatory ring-fencing training has reached 96%, which outperformed the target of 95%. • Some discrepancies within the control lists of trained regarding the completion rate which could be caused by <ul style="list-style-type: none"> ○ Contractors who were labelled under TasNetworks organisation but not obligated to complete the ring-fencing training. ○ Wrong cut-off date for employees with training deadline due in future period
Recommendation	<p>To ensure that TasNetworks continues to remain compliant with the Distribution Ring-Fencing Guidelines, we suggest TasNetworks to evolve the control environment to ensure their compliance with the training obligations by:</p> <ul style="list-style-type: none"> • Reviewing both current automated learning system controls and hands-on following process to establish policies for following staff for overdue mandatory training. • Establishing policies and procedures for contractors who may need to consider ring-fencing obligations to complete mandatory ring-fencing training. • Establish an specific period as part of the calendar to make sure that the right cut-off date for training is in place. 	<p>To ensure that TasNetworks continues to remain compliant with the Transmission Ring-Fencing Guidelines, we suggest TasNetworks to evolve the control environment to ensure their compliance with the training obligations by:</p> <ul style="list-style-type: none"> • Reviewing both current automated learning system controls and hands-on following process to establish policies for following staff for overdue mandatory training. • Establishing policies and procedures for contractors who may need to consider ring-fencing obligations to complete mandatory ring-fencing training. • Establish an specific period as part of the calendar to make sure that the right cut-off date for training is in place.

Rating	No exceptions.	No exceptions.
Functional separation		
	Physical separation / co-location	Staff Separation
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.1(a)	4.3 (a)
Guideline Obligation	A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services	(a) A TNSP must ensure that: <ul style="list-style-type: none"> 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 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.
Key Controls and Testing	<p>Key Control Separate offices are maintained and utilised by TasNetworks and its subsidiaries.</p> <p>Test Performed</p> <ul style="list-style-type: none"> • We performed a site visit of TasNetworks, Marinus Link and TasNet Connections Pty Ltd (“TNC”). • Observed on financials and online lookups for 42-24 to confirm physical separation. 	<p>Key Control</p> <ul style="list-style-type: none"> • Currently TasNetworks subsidiaries are not engaged in contestable electricity services; and • TasNetworks brand guidelines • Refer 4.1(b) above. <p>Test Performed</p> <ul style="list-style-type: none"> • Refer 4.1(b) above. • Investigated TasNetworks branding and marketing processes with Head of Engagement.
Results of Testing	<p>Deloitte did not identify that contestable electricity services were conducted for the 2023 calendar year, making no legal need for physical separation as per the Guidelines.</p> <p>It is noted that if in the case that TasNet Connections Pty Ltd (TNC) starts providing contestable electricity services the current physical set-up of TNC being located downstairs of TasNetworks will likely not be sufficient to meet the obligation set out in the Guidelines.</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • As per confirmation received from the Regulatory team, TasNetworks subsidiaries are not engaged in contestable electricity services such as: electricity retail services, unregulated electricity infrastructure or private networks, customer-side generation solutions such as solar and batteries or energy consultancy services. • TasNetworks branding and marketing processes have sufficient levels of approvals.
Recommendation	We recommend TasNetworks to implement a timely plan on how TasNetworks compliant under 4.2.1(a) of this Guideline for when contestable electricity services are conducted within TNC.	N/A
Rating	No Exception	No exception

Staff sharing		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.2 (a)	N/A
Guideline Obligation	A DNISP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider .	N/A
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> TasNetworks subsidiaries are not engaged in contestable electricity services; and TasNetworks brand guidelines Refer 4.1(b) above. <p>Test Performed</p> <ul style="list-style-type: none"> Refer 4.1(b) above. Investigated TasNetworks branding and marketing processes with Head of Engagement. 	N/A
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> TasNetworks subsidiaries are not engaged in contestable electricity services such as: electricity retail services, unregulated electricity infrastructure or private networks, customer-side generation solutions such as solar and batteries or energy consultancy services. TasNetworks branding and marketing processes have sufficient levels of approvals. 	N/A
Recommendation	N/A	N/A
Rating	No exception	N/A
Staff sharing		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.2 (c)	N/A
Guideline Obligation	The remuneration, incentives and other benefits (financial or otherwise) a DNISP 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 DNISP's obligations under this Guideline .	N/A

Key Controls and Testing	<ul style="list-style-type: none"> • People and Remuneration Committee Charter • Remuneration Report 	N/A
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • We have reviewed the People and Remuneration Committee Charter and the Remuneration Report for the period 1 July 2022 to 30 June 2023 and observed TasNetworks has complied with the Government's Director and Executive Remuneration Guidelines for the year ended 30 June 2023. The Remuneration Report stated that TasNetworks has not paid bonuses or any other short term incentive payments to any member of key management personnel. 	N/A
Recommendation	N/A	N/A
Rating	No exceptions.	N/A
Branding and Cross-promotion		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.3 (a)	N/A
Guideline Obligation	<p>A DNSP:</p> <p>i) must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related</p> <p>ii) must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion.); and</p> <p>iii) must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself.</p>	N/A
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • TasNetworks subsidiaries are not engaged in contestable electricity services • TasNetworks Marketing Guidelines • Social media and website approval processes for approved branding uses; and • Marketing personnel are aware of the different entities and their approved business activities. 	N/A

	<p>Test Performed</p> <ul style="list-style-type: none"> • Examined TasNetworks policies relating to branding and cross promotion • Inspected 42-24 issued invoices to ensure there was clear separated branding from the partner TasNetworks and no mention was made. • Examined social media and website approval processes for approved branding uses; and • Performed enquiries into promotion activity with marketing personnel such as the Head of Engagement. 	
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • TasNetworks subsidiaries are not engaged in contestable electricity services • Distinctly separate 42-24 branding has been developed for use when performing services • Website and social media approval controls are appropriately designed and operated effectively during the 2023 regulatory year; and • Marketing personnel are aware of the different entities and the services they provide 	N/A
Recommendation	N/A	N/A
Rating	No exception	N/A
Office and Staff Registers		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.4 (a), (b)	N/A
Guideline Obligation	<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.e., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d); and</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 DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar</p>	N/A

	month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).	
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Office and staff sharing registers Ring-fencing registers procedure Calendar of Reporting Requirements; and <p>Test Performed</p> <ul style="list-style-type: none"> We inspected the office and staff sharing registers that is publicly available on the TasNetworks website We note that this requirement does not apply to TasNetworks as its subsidiaries do not provide contestable electricity services; and We identified that TasNetworks' reporting calendar included Office and Staff sharing registers publish dates. 	N/A
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations with key observations below:</p> <ul style="list-style-type: none"> Currently TasNetworks does not have any offices or staff to which must comply to this clause The office and staff registers are current and publicly available on TasNetworks' website; and TasNetworks has incorporated publishing dates relating to the office and staff registers to their compliance calendar. 	N/A
Recommendation	N/A	N/A
Rating	No exception	N/A
Protection of Confidential Information		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.3.1 (a) & (b)	4.2.1(a) & (b)
Guideline Obligation	<p>Subject to this clause 4.3, a DNSP must:</p> <ul style="list-style-type: none"> (a) keep ring-fenced information confidential; and (b) only use ring-fenced information for the purpose for which it was acquired or generated. 	<p>Subject to this clause 4.2, a TNSP must:</p> <ul style="list-style-type: none"> (a) keep ring-fenced information confidential; and (b) only use ring-fenced information for the purpose for which it was acquired or generated.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Information Classification and Handling Procedures and Protocols IT access approval 	<p>Key Control</p> <ul style="list-style-type: none"> Information Classification and Handling Procedures and Protocols IT access approval

	<ul style="list-style-type: none"> IT access review Information Management Policy and Procedures; and Dynamic Security Permission Groups. Forcepoint Data Loss Prevention (DLP) <p>Test Performed</p> <ul style="list-style-type: none"> We examined the TasNetworks Policies regarding the protection of confidential information We inspected the customer complaints register for evidence of customer complaints that indicate the disclosure of confidential information We reviewed the ring-fencing training materials ensuring they addressed confidentiality obligations We observed the design and function of IT access review controls; and We observed the design and function of IT access approval controls. 	<ul style="list-style-type: none"> IT access review Information Management Policy and Procedures; and Dynamic Security Permission Groups. Forcepoint Data Loss Prevention (DLP) <p>Test Performed</p> <ul style="list-style-type: none"> We examined TasNetworks Policies regarding the protection of confidential information. We inspected the customer complaints register for evidence of customer complaints that indicate the disclosure of confidential information. We reviewed ring-fencing training materials ensuring they addressed confidentiality obligations We observed the design and function of IT access review controls; and We observed the design and function of IT access approval controls.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> TasNetworks has at current, policies and procedures governing the appropriate management of confidential information as per the Distribution Ring-Fencing Guidelines; and TasNetworks has several internal controls designed to proactively manage access to ring-fenced information. <p>Deloitte noted that TasNetworks have recently implemented Forcepoint Data Loss Prevention in certain areas of the business but does not currently act as a control on ring-fencing information.</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> TasNetworks has at current, policies and procedures governing the appropriate management of confidential information as per the Transmission Ring-Fencing Guidelines TasNetworks has several internal controls designed to proactively manage access to ring-fenced information.; and TasNetworks use Forcepoint Data Loss Prevention across the business, but is not considered to be an active ring-fencing control at this point.
Recommendation	<p>In order for TasNetworks to enhance the management of confidential information as per the Distribution Ring-Fencing Guidelines, Deloitte recommends TasNetworks to review with IT department whether Forcepoint Data Loss Prevention can be further enhanced as a control on ring-fencing information, and to have formal documentation that this review was conducted, along with all recommendations and management action plans.</p>	<p>In order for TasNetworks to enhance the management of confidential information as per the Transmission Ring-Fencing Guidelines, Deloitte recommends TasNetworks to review with IT department whether Forcepoint Data Loss Prevention can be further enhanced as a control on ring-fencing information, and to have formal documentation that this review was conducted, along with all recommendations and management action plans.</p>
Rating	No exception	No exception
Disclosure of Information		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.3.2 (a)-(i)	4.2.2
Guideline Obligation	<p>A DNSP must not disclose confidential 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>A TNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p>

	<p>(b) the disclosure is required by, or for the purpose of complying with any law.</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities).</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer.</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP.</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services.</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that confidential information.</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</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> <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 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>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> TasNetworks Ring-Fencing Information Sharing Protocol Information Sharing Deed Poll Ring-fencing training modules TasNetworks Information Register Application Form Information Register; and Privacy Policy. <p>Test Performed</p> <ul style="list-style-type: none"> We examined TasNetworks policies in relation to the disclosure of information We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period; and We inspected the customer queries and complaints register for evidence of customer complaints that indicate the disclosure of confidential information. 	<p>Key Control</p> <ul style="list-style-type: none"> TasNetworks Ring-Fencing Information Sharing Protocol Information Sharing Deed Poll Ring-fencing training modules TasNetworks Information Register Application Form Information Register; and Privacy Policy. <p>Test Performed</p> <ul style="list-style-type: none"> We examined TasNetworks policies in relation to the disclosure of information. We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period; and <p>We inspected the customer queries and complaints register for evidence of customer complaints that indicate the disclosure of confidential information.</p>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <p>TasNetworks has developed policies and procedures designed to ensure that confidential information is only disclosed where permitted under the Guidelines; and</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> TasNetworks has developed policies and procedures designed to ensure that confidential information is only disclosed where permitted under the Guidelines; and

	According to the Information register, TasNetworks has not disclosed confidential information in the period; and TasNetworks has a current Ring-Fencing Information Sharing Protocol in the environment a DNSP or affiliated entity makes a request.	<ul style="list-style-type: none"> According to the Information register, TasNetworks has not disclosed confidential information in the period; and TasNetworks has a current Ring-Fencing Information Sharing Protocol in the environment a TNSP or affiliated entity makes a request.
Recommendation	N/A	N/A
Rating	No exception	No exception
Sharing of Information		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.3.3	4.2.3
Guideline Obligation	<p>a) Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a DNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information that a DNSP has disclosed under clause 4.3.2(f) is then disclosed by any person to a related electricity service provider of the DNSP, the DNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p> <p>b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> the legal entity has requested that it be included on the information register in respect of information of that kind; and 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>c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.2(a) to (e).</p> <p>d) Without limiting clause 4.3.3(a), a DNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.3.3(a) available to legal entities and must make that protocol publicly available on its website.</p> <p>e) Where a DNSP discloses information referred to in clause 4.3.3(a) to any other legal entity under this clause 4.3.3, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.1 and 4.3.2(a) to (d) in relation to that information as if the other legal entity was a DNSP.</p>	<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) TNSP is only required by clause 4.2.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> the legal entity has requested that it be included on the information register in respect of information of that kind; and 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>(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>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 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>

Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> TasNetworks Ring-Fencing Information Sharing Protocol Information Sharing Deed Poll TasNetworks Information Register Application Form; and Information Register. <p>Test Performed</p> <ul style="list-style-type: none"> We examined TasNetworks polices in relation to the disclosure of information We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period 	<p>Key Control</p> <ul style="list-style-type: none"> TasNetworks Ring-Fencing Information Sharing Protocol Information Sharing Deed Poll TasNetworks Information Register Application Form; and Information Register. <p>Test Performed</p> <ul style="list-style-type: none"> We examined TasNetworks polices in relation to the disclosure of information We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> TasNetworks has processes currently in place allowing them to comply with the guideline if a related electricity service provider requested disclosure of ring-fenced information. <p>TasNetworks has not been engaged by a related electricity service provider in relation to a disclosure during the audit period of 1 January 2023 to 31 December 2023.</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> TasNetworks has processes currently in place allowing them to comply with the guideline if a related electricity service provider requested disclosure of ring-fenced information. TasNetworks has not been engaged by a related electricity service provider in relation to a disclosure during the audit period of 1 January 2023 to 31 December 2023. <p>We found the information sharing protocol to be publicly available on TasNetwork's website.</p>
Recommendation	N/A	N/A
Rating	No exception	No exception
Information Register		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.3.4 (a) - (c)	4.2.4 (a), (b) & (c)
Guideline Obligation	<p>(a) A DNSP must establish, maintain, and keep a register of all:</p> <ul style="list-style-type: none"> related electricity service providers; and other legal entities who provide contestable electricity services but who are not affiliates of the DNSP. <p>who request access to information identified in clause 4.3.4(a) and must make the register publicly available on its website.</p>	<p>(a) A TNSP must establish, maintain and keep a register 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>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 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 related electricity provider or other 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 the kinds of information that the DNSP is required to provide under clause 4.3.4(a), and the DNSP must comply with that request.</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> <ul style="list-style-type: none"> i. identify the kind of information requested by the related electricity service provider or other legal entity; and 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>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>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • Information Register <p>Test Performed</p> <ul style="list-style-type: none"> • We observed that the information register is publicly available on TasNetworks website. 	<p>Key Control</p> <ul style="list-style-type: none"> • Information Register <p>Test Performed</p> <ul style="list-style-type: none"> • We observed that the information register is publicly available on TasNetworks website.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has established an information register that is publicly available on the TasNetworks website; and • TasNetworks has process in place to maintain the information register. 	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has established an information register that is publicly available on the TasNetworks website; and • TasNetworks has process in place to maintain the information register.
Recommendation	N/A	N/A
Rating	No exception	No exception
Conduct of Service Providers		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.4.1 (a)	4.4.1 (a)
Guideline Obligation	<p>A DNSP:</p> <p>(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> <ul style="list-style-type: none"> i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and 	<p>A TNSP:</p> <p>(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</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 .	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
Key Controls and Testing	<ul style="list-style-type: none"> TasNetworks Standard Terms and Conditions; and TasNetworks contract template. 	<ul style="list-style-type: none"> TasNetworks Standard Terms and Conditions; and TasNetworks contract template.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> We reviewed TasNetworks Standard Terms and Conditions and checked that it requires service providers to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline We selected a sample of suppliers with new contracts entered in the year and confirmed that the Standard Terms and Conditions attached to the contract contained the requirement to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline; and We noted the TasNetworks contract template clearly defined all ring-fencing obligations for new or varied agreements. 	<p>Based on the testing performed we have identified one exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> We reviewed TasNetworks Standard Terms and Conditions and checked that it requires service providers to comply with clauses 4.1, 4.2.1 and 4.3 of the Guideline We selected a sample of suppliers with new contracts entered in the year to confirm that the Standard Terms and Conditions attached to the contract contained the requirement to comply with clauses 4.1, 4.2.1 and 4.3 of the Guideline. We noted that the current terms and conditions contained in contract templates did not refer to transmission guideline 4.4.1 in relation to supply of prescribed transmission services, as TasNetworks currently only have distribution contracts, which we noted were in compliance with the distribution guideline. Nothing has come to our attention to lead us to believe that TasNetworks has not complied with Transmission Guideline, given that TasNetworks has fulfilled Obligation under the Distribution Guideline 4.4.1, of which the consideration is more intensive than the current Transmission requirements.
Recommendation	N/A	We highly recommend TasNetworks to review their current contract templates to ensure Transmission Ring-Fencing Guideline obligations are incorporated into the current contracts.
Rating	No exception	No Exception
Waiver Register		
	Electricity Distribution	Electricity Transmission
Guideline Reference	5.7 (a)	5.7 (a)
Guideline Obligation	(a) A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the DNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.	(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 publicly available on its website.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register <p>Test Performed</p>	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register <p>Test Performed</p>

	<ul style="list-style-type: none"> We observed that the waiver register is publicly available on TasNetworks website. 	<ul style="list-style-type: none"> We observed that the waiver register is publicly available on TasNetworks website.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its wavier register publicly and it can be accessed via the TasNetworks website 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its wavier register publicly and it can be accessed via the TasNetworks website
Recommendation	N/A	N/A
Rating	No exceptions	No exceptions
Waiver Register		
	Electricity Distribution	Electricity Transmission
Guideline Reference	5.7 (b)	5.7 (b)
Guideline Obligation	<p>The register established under clause 5.7(a) must include:</p> <ol style="list-style-type: none"> 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 the AER to the DNSP, to grant (or vary) the waiver or interim waiver. 	<p>The register established under clause 5.7(a) must include:</p> <ol style="list-style-type: none"> 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 the AER to the TNSP, to grant (or vary) the waiver or interim waiver.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register. <p>Test Performed</p> <ul style="list-style-type: none"> We observed the content of the waiver register against the requirements of the Guideline. 	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register. <p>Test Performed</p> <ul style="list-style-type: none"> We observed the content of the waiver register against the requirements of the Guideline.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its wavier register publicly and it can be accessed via the TasNetworks website. TasNetworks held two waivers in the assessable period: <ul style="list-style-type: none"> ➤ Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program; and ➤ Distribution ring-fencing class waiver for Reliability and Emergency Reserve Trader (RERT) services via voltage management 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its wavier register publicly and it can be accessed via the TasNetworks website. TasNetworks held no TNSP related waivers for the 2023 reporting period.

	<ul style="list-style-type: none"> TasNetworks waiver register includes terms and conditions as set out in the AER's written decision, provided by the AER to the DNSP. 	
Recommendation	N/A	N/A
Rating	No exception	No exception
Maintaining Compliance		
	Electricity Distribution	Electricity Transmission
Guideline Reference	6.1	6.1
Guideline Obligation	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline .	A TNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under clause 6A.21.1 of the NER .
Key Controls and Testing	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Team <p>Key Control</p> <ul style="list-style-type: none"> Dedicated Regulatory Team Onboarding Ring-Fencing Awareness Training Biennial Refresher Ring-fencing Awareness Training Target Ring-Fencing Awareness Training Compliance Framework; and Regulatory Reporting Calendar. <p>Information Obtained</p> <ul style="list-style-type: none"> Regulation Ring-Fencing Compliance Procedures Ring-Fencing Training modules (refresher and targeted) and completion report; and <p>Test Performed</p> <ul style="list-style-type: none"> We inspected the Regulation Ring-Fencing Compliance Procedures We inspected the online ring-fencing training module for evidence that the ring-fencing obligations are explained in clear terms; and We obtained the training report indicating the employees who completed the training and the overall rate of completion. 	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Team <p>Key Control</p> <ul style="list-style-type: none"> Dedicated Regulatory Team Onboarding Ring-Fencing Awareness Training Biennial Refresher Ring-fencing Awareness Training Target Ring-Fencing Awareness Training Compliance Framework; and Regulatory Reporting Calendar. <p>Information Obtained</p> <ul style="list-style-type: none"> Regulation Ring-Fencing Compliance Procedures Ring-Fencing Training modules (refresher and targeted) and completion report; and <p>Test Performed</p> <ul style="list-style-type: none"> We inspected the Regulation Ring-Fencing Compliance Procedure We inspected the online ring-fencing training module for evidence that the ring-fencing obligations are explained in clear terms; and We obtained the training report indicating the employees who completed the training and the overall rate of completion.
Observations	Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:	Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:

	<ul style="list-style-type: none"> TasNetworks has developed policies, procedures and reporting to ensure that it complies with the obligations under the Guidelines The ring-fencing training module explains the Guideline obligations in clear terms Deloitte noted that 96.6% of TasNetworks employees completed the ringfencing compliance refresher training and controls are in place to maintain training be completed every two years; however, it does not include any information on reporting of non-compliance. 	<ul style="list-style-type: none"> TasNetworks has developed policies, procedures and reporting to ensure that it complies with the obligations under the Guidelines The ring-fencing training module explains the Guideline obligations in clear terms Deloitte noted that 96.6% of TasNetworks employees completed the ringfencing compliance refresher training and controls are in place to maintain training be completed every two years; however, it does not include any information on reporting of non-compliance..
Recommendation	We recommend enhancing the refresher training and onboarding training to include information on reporting of non-compliance.	We recommend enhancing the refresher training and onboarding training to include information on reporting of non-compliance.
Rating	No Exception	No Exception
Annual Compliance Report		
	Electricity Distribution	Electricity Transmission
Guideline Reference	6.2.1 (a), (b)	6.2.1 (a), (b)
Guideline Obligation	<p>(a) A DNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>(b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ol style="list-style-type: none"> the measures the DNSP has taken to ensure compliance with its obligations under this Guideline. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP. all other services provided by the DNSP in accordance with clause 3.1; and the purpose of all transactions between the DNSP and an affiliated entity. 	<p>(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> <ol style="list-style-type: none"> the measures the TNSP has taken to ensure compliance with its obligations under this Guideline. any breaches of this Guideline by the TNSP, or which otherwise relate to the TNSP. all other services provided by the DNSP in accordance with clause 3.1; and the purpose of all transactions between the TNSP and an affiliated entity.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Ring-fencing compliance report <p>Test Performed</p> <ul style="list-style-type: none"> We compared the final 1 January 2023 – 31 December 2023 ring-fencing compliance report against the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual (version 3). 	<p>Key Control</p> <ul style="list-style-type: none"> Ring-fencing compliance report <p>Test Performed</p> <ul style="list-style-type: none"> We compared the final 1 January 2023 – 31 December 2023 ring-fencing compliance report against the requirements of the AER Electricity Transmission Ring-Fencing Guideline – Compliance reporting best practice manual (Version 1).
Observations	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Transmission Ring-Fencing Guideline –Compliance reporting best practice manual.

	<ul style="list-style-type: none"> The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority. 	<ul style="list-style-type: none"> The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.
Recommendation	N/A	N/A
Rating	No Exception	No Exception
Annual Compliance Report		
	Electricity Distribution	Electricity Transmission
Guideline Reference	6.2.1 (c)	6.2.1 (c)
Guideline Obligation	The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except clauses 6.2.2 and 6.3) by a suitably qualified independent authority.	The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except 6.2.2 and 6.2.3) by a suitably qualified independent authority.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Ring-fencing compliance report Deloitte has been engaged as the independent authority to assess TasNetworks compliance with the Guideline. <p>Test Performed We reviewed the draft annual ring-fencing compliance report for evidence that it is accompanied by an assessment of compliance by a suitably qualified independent authority.</p>	<p>Key Control</p> <ul style="list-style-type: none"> Ring-fencing compliance report Deloitte has been engaged as the independent authority to assess TasNetworks compliance with the Guideline. <p>Test Performed We reviewed the draft annual ring-fencing compliance report for evidence that it is accompanied by an assessment of compliance by a suitably qualified independent authority.</p>
Observations	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual; and <p>The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual; and <p>The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.</p>
Recommendation	N/A	N/A
Rating	No Exception	No Exception
Compliance Breaches		
	Electricity Distribution	Electricity Transmission
Guideline Reference	6.3	6.3

Guideline Obligation	A DNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline , except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline . The AER may seek enforcement of this Guideline by a court in the event of any breach of this Guideline by a DNSP , in accordance with the NEL .	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 .
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Targeted Ring-fencing training module Ring-fencing Compliance Plan Calendar of Reporting Requirements <p>Test Performed</p> <ul style="list-style-type: none"> We inspected the Incident Management Flowchart We inspected the Ring-fencing Compliance Plan We selected a sample of customer complaints to investigate for instances of non-compliance with the Guideline We reviewed the ring-fencing training module for evidence that employees are informed of the breach reporting process; and <p>We obtained the training report indicating the employees who completed the training and the overall rate of completion.</p>	<p>Key Control</p> <ul style="list-style-type: none"> Targeted Ring-fencing training module Ring-fencing Compliance Plan Calendar of Reporting Requirements <p>Test Performed</p> <ul style="list-style-type: none"> We inspected the Incident Management Flowchart We inspected the Ring-fencing Compliance Plan We selected a sample of customer complaints to investigate for instances of non-compliance with the Guideline We reviewed the ring-fencing training module for evidence that employees are informed of the breach reporting process; and <p>We obtained the training report indicating the employees who completed the training and the overall rate of completion.</p>
Results of Testing	Based on the testing performed we have not identified matters of exception against the obligation, with key point(s) below: <ul style="list-style-type: none"> TasNetworks have implemented a refresher course employees must complete every two years, but does not include any information on reporting of non-compliance. TasNetworks have a targeted ring-fencing training module that addresses reporting non-compliance. 	Based on the testing performed we have not identified matters of exception against the obligation, with key point(s) below: <ul style="list-style-type: none"> TasNetworks have implemented a refresher course employees must complete every two years, but does not include any information on reporting of non-compliance. TasNetworks have a targeted ring-fencing training module that addresses reporting non-compliance.
Recommendation	TasNetworks have implemented a refresher course employees must complete every two years, but does not include any information on reporting of non-compliance. We recommend enhancing the refresher training and onboarding training to reflect this.	TasNetworks have implemented a refresher course employees must complete every two years, but does not include any information on reporting of non-compliance. We recommend enhancing the refresher training and onboarding training to reflect this.
Rating	No exception	No exception

APPENDIX

Management Response(s)

The following table provides management responses against each identified non-material breach noted above (managements responses are not within the scope of our assurance report).

No.	Ref.	Category	Rating	Recommendation	Response
1.	Electricity Distribution 4.2 Electricity Transmission 4.1	Obligation not to Discriminate	No Exception	<p>Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and as such communicated these observations to management, with key observations below:</p> <ul style="list-style-type: none"> • The overall completion rate for mandatory ring-fencing training has reached 96%, which outperformed the target of 95%. • We found discrepancy in completion rate which could be caused by: <ul style="list-style-type: none"> ○ Contractors who were labelled under TasNetworks organisation but not obligated to complete the ring-fencing training. ○ Wrong cut-off date for employees with training deadline due in future period. <p>To ensure that TasNetworks continues to remain compliant with the Guidelines, we suggest TasNetworks to evolve the control environment to ensure their compliance with the training obligations by:</p> <ul style="list-style-type: none"> • Reviewing both current automated learning system controls and hands-on following process to establish policies for following staff for overdue mandatory training. • Establishing policies and procedures for contractors who may need to consider ring-fencing obligations to complete mandatory ring-fencing training. 	<p>TasNetworks will review the controls and processes for following up staff with overdue mandatory training.</p> <p>TasNetworks will update internal documentation to include the need for contractors who need to consider ring-fencing obligations to complete mandatory ring-fencing training.</p>
2.	Electricity Distribution 4.2.1	Functional separation - Physical separation / co-location	No Exception	<p>It has been confirmed by Deloitte no contestable electricity services are being conducted for the 2023 calendar year, making no legal need for physical separation as per the Distribution Ring-Fencing Guidelines.</p> <p>It is noted that if in the case that TasNet Connections Pty Ltd (TNC) starts providing contestable electricity services the current physical set-up of TNC being located downstairs of TasNetworks will likely not be sufficient to meet the obligation set out in the Guidelines. We recommend TasNetworks to implement a timely plan on how TasNetworks compliant under 4.2.1(a) of this Guideline for when contestable electricity services are conducted within TNC.</p>	<p>TasNetworks does not consider that office separation is required as TNC will not be providing contestable electricity services as defined in the Distribution Ring-Fencing Guidelines.</p> <p>‘Contestable electricity services’ is defined in the Distribution Guideline as other distribution services and other electricity services. ‘Other electricity services’ is defined in the Distribution Guideline as “services for the supply of electricity or that are necessary or incidental to the supply of electricity, other than: (a) Transmission services; or (b) Distribution services.”</p>

					<p>TNC will not be undertaking distribution services.</p> <p>Transmission service is defined in the National Electricity Rules (NER) as “the services provided by means of, or in connection with, a transmission system.” Transmission system is defined in the NER as “A transmission network, together with the connection assets associated with the transmission network, which is connected to another transmission system or distribution system.”</p> <p>TNC only plan to provide services associated with the transmission system and TasNetworks considers that the office separation requirements of 4.2.1(a) do not apply to TNC.</p>
3.	Electricity Distribution 4.3.1	Protection of Confidential Information	No Exception	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> TasNetworks has at current, policies and procedures governing the appropriate management of confidential information as per the Distribution Ring-Fencing Guidelines TasNetworks has several internal controls designed to proactively manage access to ring-fenced information. <p>Deloitte noted that TasNetworks have recently implemented Forcepoint Data Loss Prevention in certain areas of the business but does not currently act as a control on ring-fencing information.</p> <p>In order for TasNetworks to enhance the management of confidential information as per the Ring-fencing Guidelines, Deloitte recommends TasNetworks to review with IT department whether Forcepoint Data Loss Prevention can be further enhanced as a control on ring-fencing information, and to have formal documentation that this review was conducted, along with all recommendations and management action plans.</p>	<p>TasNetworks will conduct a review to determine if Forcepoint Data Loss Prevention can act as a control for sharing ring-fenced information.</p>
4.	Electricity Transmission 4.4.1	Conduct of Service Providers	No Exception	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> We reviewed TasNetworks Standard Terms and Conditions and checked that it requires service providers to comply with clauses 4.1, 4.2.1 and 4.3 of the Guideline. We selected a sample of suppliers with new contracts entered in the year to confirm that the Standard Terms and Conditions attached to the contract contained the requirement to comply with clauses 4.1, 4.2.1 and 4.3 of the Guideline. We noted that the current terms and conditions contained in contract templates did not refer to transmission guideline 4.4.1 in relation to 	<p>TasNetworks will update the current contract templates to incorporate the Transmission Ring-fencing Guideline obligations.</p>

				<p>supply of prescribed transmission services, as TasNetworks currently only have distribution contracts, which we noted were in compliance with the distribution guideline.</p> <p>Nothing has come to our attention to lead us to believe that TasNetworks has not complied with Transmission Guideline, given that TasNetworks has fulfilled Obligation under the Distribution Guideline 4.4.1, of which the consideration is more intensive than the current Transmission requirements.</p> <p>We recommend TasNetworks to review their current contract templates to ensure Transmission Ring-Fencing Guidelines obligations are incorporated into the current contracts.</p>	
5.	<p>Electricity Distribution 6.1</p> <p>Electricity Transmission 6.1</p>	<p>Maintaining Compliance</p> <p>6.1 Maintaining Compliance</p>	No Exception	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has developed policies, procedures and reporting to ensure that it complies with the obligations under the Guidelines. • The ring-fencing training module explains the Guideline obligations in clear terms but does not include any information on reporting of non-compliance. <p>Deloitte noted that 96.6% of TasNetworks employees completed the ring-fencing compliance refresher training and controls are in place to maintain training be completed every two years; however, it does not include any information on reporting of non-compliance.</p> <p>We recommend enhancing the refresher training and onboarding training to include information on reporting of non-compliance.</p>	TasNetworks will update ring-fencing training to include information on reporting of non-compliance.
6.	<p>Electricity Distribution 6.3</p> <p>Electricity Transmission 6.3</p>	Compliance Breaches	No Exception	<p>Based on the testing performed we have not identified matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetwork's have implemented a refresher course employees must complete every two years, but does not include any information on reporting of non-compliance. <p>We recommend enhancing the refresher training and onboarding training to include information on reporting of non-compliance.</p>	