

Ausgrid

18-month Ring-fencing Compliance

For the period ended 31 December 2021



Executive summary

Background

The Australian Energy Regulator (“AER”) is the economic regulator over distribution network service providers (“DNSPs”) in the national electricity market (“NEM”). The role of the AER includes monitoring compliance with the Ring-fencing Guideline, issued under clause 6.17.2. of the National Energy Sector Rules version 2, dated October 2017.

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

- The measures the DNSP has taken to ensure compliance with its obligations under the Ring-fencing Guideline.
- Any breaches of the Ring-fencing Guideline by the DNSP, or which otherwise relate to the DNSP;
- All other services provided by the DNSP in respect of Clause 3.1 in the Ring-fencing Guideline; and
- The purpose of all transactions between the DNSP and a RESP (related electricity service provider).

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

Methodology

Ausgrid Operator Partnership (ABN 78 508 211 731) has prepared an annual compliance report under the Ring-fencing Guidelines for the 18-month period ended 31 December 2021.

We obtained an understanding of the Ring-fencing Guideline and other engagement circumstances specific to Ausgrid sufficient to enable the identification and assessment of the risk of non-compliance with the Ring-fencing Guideline, that were not disclosed in the Ausgrid compliance report for the 18-month period ended 31 December 2021. To support the introduction of calendar year compliance reporting for the Distribution Guideline, an 18-month transitional audit period has been reported.

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

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

We then conducted limited sample testing over the identified controls to determine whether Ausgrid complied, in all material respects, with the Ring-fencing Guideline over 1 July 2020 to 31 December 2021 period.

Limitations

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

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



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Scope

This report has been prepared by PricewaterhouseCoopers in the course of our engagement as detailed in, and subject to, our engagement letter dated 14 March 2022.

Use and distribution of our report

This report has been prepared solely for the use of the Directors of Ausgrid for the purpose set out in the engagement letter. Accordingly, PricewaterhouseCoopers does not accept any responsibility or liability whatsoever for the use of this report by any other person or for any other purpose.

Except as stated in our engagement letter, this report and its contents may not be disclosed or published in any way without prior written approval of PricewaterhouseCoopers.

Limited Liability

Liability limited by a scheme approved under Professional Standards Legislation.



Independent assurance report to the Directors of Ausgrid and the Australian Energy Regulator

To the Directors of Ausgrid and the Australian Energy Regulator

Opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* 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 conclusion.

Ausgrid's responsibilities

Ausgrid is responsible for:

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

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Our responsibility

Our responsibility is to express an opinion on Ausgrid's Statement of Compliance with the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules, in all material respects, as evaluated against the Ring-fencing Guideline, for the 18-month period ending 31 December 2021. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether Ausgrid's Statement of Compliance is fairly presented in that Ausgrid has complied, in all material respects, with the Ring-fencing Guideline throughout the 18-month period ending 31 December 2021.

An assurance engagement to report on Ausgrid's Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules, involved performing procedures to obtain evidence about the compliance activity and controls implemented to meet the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the Ring-fencing Guideline.



Inherent limitations

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

A reasonable assurance engagement for the period ended 31 December 2021 does not provide assurance on whether compliance with the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules, will continue in the future.

Use of report

This report has been prepared for use by the Directors of Ausgrid and the Australian Energy Regulator for the purpose of Annual Ring-fencing Guideline Compliance requirements. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of Ausgrid and the Australian Energy Regulator, or for any purpose other than that for which it was prepared.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Craig Thomason', with a long horizontal flourish extending to the right.

Craig Thomason

2 May 2022



1 Compliance with obligations

The Ausgrid Ring-fencing 18-month Compliance Report sets out the statement of compliance for the Regulatory period ended 31 December 2021. Our Independent Assurance Report to the Directors of Ausgrid and the Australian Energy Regulator is set out above.

This report (Sections 1-3) provides additional detail of our procedures and results, to provide transparency into the controls Ausgrid has implemented to meet its Ring-fencing obligations. This is prepared at the request of Ausgrid, in consultation with the AER, and goes beyond the requirements of the Ring-fencing Guidelines.

In Section 1 we report our observations on each Ring-fencing Guideline and a control effectiveness rating. The table below summaries our rating and key observations against each obligation area of the Ring-fencing Guideline.

In Section 2, we have included details of any exceptions noted. In Section 3, we provide detail of the work performed and results.

Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
3.1	Legal Separation	Compliant	Effective	See Observation 1
3.2.1	Establish and maintain accounts	Compliant	Effective	
3.2.2	Cost Allocation and attribution	Compliant	Effective	
4.1	Obligation to not discriminate	Compliant	Effective	See Observation 3
4.2.1	Physical separation/co-location	Compliant	Effective	See Observation 2
4.2.2	Staff sharing	Compliant	Effective	
4.2.3	Branding and cross-promotion	Compliant	Effective	
4.2.4	Office and staff registers	Compliant	Effective	



Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
4.3.1	Meaning of confidential information	Compliant	Effective	
4.3.2	Protection of confidential information	Compliant	Effective	See Observation 4
4.3.3	Disclosure of information	Compliant	Effective	
4.3.4	Sharing of information	Compliant	Effective	
4.3.5	Information register	Compliant	Effective	
4.4	Service providers	Compliant	Effective	
5	Waivers	Compliant	Effective	
6.1	Maintaining Compliance	Compliant	Effective	
6.2	Compliance reporting	Compliant	Effective	
6.3	Compliance breaches	Compliant	Effective	

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



2. Observations noted

Any observations resulting from our procedures are listed below giving further detail or a recommendation for improvement relating to Ring-fencing procedures, processes and controls have been outlined below. Relevant information (background, context, risk, impact, etc) has been provided for each observation together with our recommendations where applicable.

Observation Reference	Obligation Reference	Ring-fencing Obligation	Observation	Comment
1	3.1 (b)	DNSP may not provide 'other services'	<p>Ausgrid stated that its Vulnerable Customer Protocol ("VCP") authorises staff to intentionally breach 3.1 (b) of the Guideline.</p> <p>Ausgrid considers customers to be vulnerable if they may be unable to source supply restoration services from contestable markets, thus endangering the health and safety of those customers.</p> <p>The VCP is only used in instances not covered by the 30-minute determination.</p>	<p>PwC noted no intentional breaches during the observation period. PwC did however note that in prior audit years breaches pursuant to the VCP have occurred: given the historical instances, and the ongoing implementation of the VCP, it is not unreasonable to expect breaches of this type could occur again in the future.</p> <p>Ausgrid has been consistently transparent on the matter. It has communicated the VCP and its implications to the AER. Breaches occurring in prior years pursuant to the VCP have been reported in accordance with the Guideline. (See reference 12 in the Table set out in Section 3 of this Report).</p>

Observation Reference	Obligation Reference	Ring-fencing Obligation	Observation	Comment
2	4.2.1	A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.	Physical separation between procurement staff for Ausgrid and PLUS ES was enhanced during the reporting period.	<p>PwC noted at the beginning of the audit period there was a lack of physical separation between Ausgrid and affiliates procurement teams. However, the matter had been observed in the prior reporting period and the AER stated there was “adequate separation of procurement staff in place to comply with the Guideline”.</p> <p>Within the reporting period, management took steps to enhance its adherence to this separation obligation and the two teams are now physically as well as functionally separated.</p>
3	4.1 (c) (iv)	A DNSP must not disclose to a related electricity service provider.	User access reviews are conducted on an ad hoc basis: there is no set schedule for review.	PwC recommends that Ausgrid perform user access reviews on a prescribed schedule at an appropriate frequency. (See reference 51 in the Table set out in Section 3 of this Report)
4	4.3.2	DNSP must keep confidential information confidential.	<p>Periodic review of emails sent without classification (partial ring-fencing control)</p> <p>During the period, Ausgrid introduced control checks under which the transmission of certain categories of document outside the organisation is subject to manager pre-approval.</p>	<p>Management has indicated that this control is primarily focused on the sharing of general information within emails sent outside Ausgrid. Ausgrid recognises that enhanced monitoring can potentially assist in Ring fencing compliance.</p> <p>PwC recommends that Ausgrid conduct a review of this control with the aim of assessing whether it could be further developed or adapted so as to more directly relate to Ring-fencing risks.</p> <p>(See reference 77 in the Table set out in Section 3 of this Report)</p>



3. Work Performed and results

This table below outlines a summary of the work performed for each obligation in the Ring-fencing Guidelines, the results from the procedures, and whether Ausgrid has complied with the Ring-fencing Guidelines over the 18 month period ended 31 December 2021, including any breaches or other areas for improvement in policies, procedures or controls identified at Ausgrid.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
1	3.1 (a)	A DNSP must be a legal entity.	Maintain Australian Company status of the DNSP	Inspect legal entity structure and confirm through ABN and ACN search of companies.	<p>Ausgrid group structure outlines separation between Ausgrid Operator Partnership PLUS ES Partnership (NUP) based on the Corporate Services Agreement.</p> <p>PwC performed a search lookup of ABN and ACN at the Australian Business Register website. PwC noted that Ausgrid and PLUS ES are registered as separate legal entities with unique ABN and/or ACN.</p>

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
15			Ensure Distributor's Licence remains valid and current	Obtain and inspect the current Distributor's Licence and ensure it is in Ausgrid's name.	PwC located the licence through IPART which was signed by the relevant Minister on 28 November 2016. The license was issued to Ausgrid, the appropriate DNSP.
10	3.1 (b)	A DNSP may provide distribution services and transmission services but must not provide other services.	Ausgrid's website assists customers to find an ASP to perform contestable service	Inspect Ausgrid's website to ensure they do not advertise as performing other services.	Ausgrid website clearly lists ASP's who can perform contestable work outside the scope of Ausgrid's transmission and distribution services.
12			Vulnerable customer protocol is	Inquire with GRC as to protocol and usage and inspection of	PwC noted the following in conjunction with observation 1:



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
			applied by Field Operations unit	Vulnerable Customer Protocol.	<p>1. Ausgrid acknowledges that any breaches committed pursuant to the VCP must be reported to the AER in a manner consistent with the Guideline, and has reported whenever breaches of this nature have occurred during previous Audit periods</p> <p>2. Ausgrid has been transparent with the AER on this matter. It has made the AER aware of the VCP and its implications.</p> <p>3. The VCP is designed to be applied in specific narrow circumstances, with guidance in place to promote fairness and consistency in vulnerability assessments.</p>



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
					4. Controls are in place designed to ensure that the terms of the VCP are adhered to.
49	3.1 (b)		Services Agreement clearly defines the services the DNSP entity will provide, and what the affiliate will provide.	Inspect Corporate Services Agreement and inquire about specific services that are defined.	Ausgrid and PLUS ES has a Corporate Services Agreement that outlines the separation of works they can perform. Ausgrid can perform supply and distribution services and PLUS ES can perform Other (contestable) Services.
73			Field Operations Staff advised and regularly reminded of AER 30-minute determination re	Inspect internal reminders to staff of the 30-minute determination.	Ausgrid regularly reminds and advises staff of their ability to perform contestable work that falls within the scope of the 30-minute determination.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
			contestable work.		
80	3.1 (b)		Annual Compliance Review of '30 Minute jobs' data in CASS	Inspect Annual Compliance Review and follow up any potential or unexplained breaches.	Ausgrid conducts an Annual Compliance Review of '30 Minute Jobs' from CASS data to ensure field staff are not conducting other services outside of 30-minute determination.
3	3.2.1 (a) 3.2.2 (a) & (b)	A DNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.	AER approved Cost Allocation Methodology in place	Inspect approvals (internal and from AER) for Cost Allocation Methodology being used.	Ausgrid and PLUS ES have an AER approved Cost Allocation Methodology which apportions costs between the two entities.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
		<p>A DNSP must allocate or attribute costs to distribution services:</p> <p>(a) in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services.</p> <p>(b) and must not allocate or attribute other costs to the distribution services it provides.</p>			
17			Documented process in place for affiliate related financial journal transfers	Enquire with finance about month end journals. Obtain and inspect a sample of month end journals during the reporting period.	Ausgrid has an end-to-end process in place for intercompany transactions allowed under the approved Cost Allocation Method. This includes a monthly reconciliation and journal transfer between Ausgrid and its affiliate to ensure internal account procedures are



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
					consistent with the approved Cost Allocation Methodology.
48			Separate SAP accounting for affiliates	Inspect SAP system to ensure separation between Ausgrid and PLUS ES.	Ausgrid and PLUS ES have separate SAP systems for each entity. Staff who require access to both systems must log in to each entity separately.
50			Services Agreement established between the parent and affiliate entities deals with apportionment of costs for shared services	Inspect Services Agreement and test a selection of samples to ensure staff are working under approved services.	Ausgrid and PLUS ES have a service agreement that allocates between the two companies in accordance with the Cost Allocation Methodology and in line with the approved Labour Services Agreement. The allocation is reviewed frequently as a part of month end processes.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
69			Finance team regularly reviews the Labour Services Agreement and on-loan arrangement invoices	Obtain and inspect the month end process and confirm invoices are valid (see ring 50).	Ausgrid ensures consistent and appropriate allocation of staff cost allocation through a review of on loan and secondment invoices as part of their month end reconciliation process. This process ensures costs are allocated correctly and in accordance with the Labour Services Agreement.
72			Annual review of the application of the CAM Cost Allocation Methodology is undertaken	Obtain and inspect CAM review for audit period.	Ausgrid operates a CAM approved by the AER and satisfies the obligation of ensuring it is appropriate through an annual review conducted on the Line of Business allocators.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
18	3.2.2 (c)	A DNSP must establish, maintain and keep records that demonstrate how it meets obligations in clauses 3.2.2.(a) and 3.2.2(b):(a) in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services. (b) and must not allocate or attribute other costs to the distribution services it provides.	Documented process in place for storage of affiliate related transactions/invoices	Enquire with finance team members about document storage and inspect separate storage locations to ensure separation between Ausgrid and PLUS ES.	Ausgrid satisfies the obligation by ensuring the storage of entities documentation is separated. Access is only granted to those in need to ensure costs allocated are under approved CAM.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
10	4.1 (b)	<p>A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <p>i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or</p> <p>ii. contestable electricity services by any other legal entity.</p>	Ausgrid's website assists customers to find an ASP to perform contestable services.	Inspect of Ausgrid's External website	Ausgrid website clearly lists ASP's who are able to perform contestable work outside the scope of Ausgrid's of transmission and distribution services.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
11			Contact Centre scripts include generic references to contestable service providers.	Inspect the documentation of Call Centre scripts include references to contestable services.	Ausgrid's contact centre scripts include references to Ring-fencing guidelines and accredited service providers to perform contestable services addressed in the Ring-fencing guidelines.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
10	4.1 (c) (i) (ii) & (iii)	<p>Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p>i) in dealing or offering to deal with a related electricity service provider, treat the related electricity service provider as if it were not a related electricity service provider (that is, as if it had no connection or affiliation with the DNSP);</p>	<p>Ausgrid's website assists customers to find an ASP to perform contestable services.</p>	<p>Inspect of Ausgrid's External website</p>	<p>Ausgrid website clearly lists ASP's who are able to perform contestable work outside the scope of Ausgrid's of transmission and distribution services.</p>
23		<p>iii) in like circumstances, provide substantially the same quality, reliability and timeliness of service to a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider;</p>	<p>Metering Services Agreements in place between Ausgrid and PLUS ES</p>	<p>Obtain copies of the Metering agreements to determine whether the related electricity provider was treated as non-related party.</p>	<p>The Metering service agreements includes the Ring-fencing clauses to ensure compliance and regular review of the Ring-fencing protocol and the necessary steps to rectify if any breaches were identified.</p>

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
34			Obtain the policy document to verify the Ring-fencing guidelines has been documented adequately.	PLUS ES has a Policy - Operating as an affiliated entity to Ausgrid (Ring-fencing). The policy sets out the responsibilities of PLUS ES staff to comply with the Guideline.	PLUS ES operating policy sets out the obligations, principles and approach that PLUS ES (as an affiliated entity and service provider to Ausgrid) must follow to enable Ausgrid to comply with the Ring-fencing Guideline.
4	4.1 (c) (iv)	A DNSP not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.	PLUS ES staff do not have access to Ausgrid intranet site	Perform a site inspection to confirm that PLUS ES staff do not have access to Ausgrid confidential information.	Ausgrid and PLUS ES employees have separate offices, a separate intranet website, a separate email ID and access cards, with access restrictions. PLUS ES employees do not have access to Ausgrid's office buildings and Ausgrid's internal website.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
5			Allowable uses of confidential information stored in ICT systems defined	Obtain the policy document to review adequate documentation regarding the handling and allowable uses of confidential information. Inspect sample of emails to identify whether the controls are effective.	The staff members of Ausgrid are aware of the confidential information policy and the importance of maintaining the process to protect confidential information.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
20	4.1 (c) (iv)	A DNSP not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.	ICT system access is permissioned based on Critical Operational Analysis	1) Walkthrough Critical Operational Analysis Procedure for role-based access. 2) Test sample to verify the access was revoked when the secondment ended, or when the employee was terminated.	The process ensures that employees have only access to information required to perform their duties. The role-based access system deactivates the employees' access to their PLUS ES information portal during the period of secondment.
27			Processes to protect the privacy of confidential information are defined	Review the privacy playbook and the Information privacy Policy to determine whether the procedures protect confidential information.	Policy has adequate documentation to protect Ausgrid's confidential information and all employees are aware of the Information privacy policies available on Ausgrid's internal website.
44			Role based system access requirements	Obtain the employee movement listing for the reporting period and test samples	Employees on secondment are only allowed access to information specific to their roles.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
			defined for PLUS ES staff	against the access documents.	
51	4.1 (c) (iv)	A DNSP not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.	User access control and review regularly undertaken by Cyber team following documented procedure	Inspect the access registers maintained by the management.	The user access control reviews satisfy the Ring-fence obligations by monitoring unauthorized access or use of sensitive information.
58			Identify Access Management (IAM) application automatically updates access based on role	Perform process walkthrough of the control with the Security Service & Control Manager (Cyber) and test a sample of staff on secondment.	Identity and Access Management tools ensures access restrictions for the employees on secondment and maintains distinction between Ausgrid and PLUS ES as separate entities and restricts access of confidential information.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
63			Identity and access management system has specialized rules for secondary accounts associated with on-loan arrangements	Perform a walkthrough of the control with the Security Service & Control Manager (Cyber) on 24/02/2022 to confirm that the specialised rules for setting up the AD account for secondees is based on the role of duties based on the MBS file maintained by the management and any additional information access request is approved by senior management if necessary to complete a specific job.	Identify and Access Management enables Ausgrid to maintain separate employee accounts to enforce the ring-fencing compliance distinction between entities and protect confidential information.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
64			The ICT team applies the documented information security incident management procedure for all information security incidents	Obtain and review appropriate policy documents: 1) IT000-P0111 – Information Security Incident Management 2) CT01 – Ransomware Recovery Playbook Review documentation for controls to mitigate breaches.	Information Security Incident Management Procedure Document and the Ransome Recovery Playbook include adequate documentation on the process to follow in case of a breach and enforces the control to prevent loss or leakage of information to unauthorized person or from cyber-attack.
75	4.1 (c) (iv)	A DNSP not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.	Legal & Compliance Privacy Playbook interrogates non-compliance with RFG re information sharing	Obtain the legal Privacy playbook and test the effectiveness of controls to detect and report any non-compliance incidents.	The Privacy playbook adequately documents the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guideline.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
77			Approval checks for need to confirm when some types of sensitive or classified information can be shared via email outside Ausgrid	Obtain the Data Security Governance forum meeting documents to identify the rules that govern the classified information and identify who is authorized to approve the different classes of data.	The approval checks for transmission of information acts as a control that sensitive or classified information is not shared with an unauthorized person. Although the review process was primarily developed as a tool to identify and block the emails containing sensitive information, the DLP tool can be used to enhance Ring-fencing controls.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
9	4.2.1 (a) & (b)	<p>a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p> <p>(b) Clause 4.2.1(a) does not apply in respect of:</p> <p>i. offices for staff who, in the course of their duties:</p> <p>a. do not have access to electricity information;</p> <p>b. have access to electricity information but do not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or</p> <p>c. only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services).</p> <p>ii. providing assistance to another Network</p>	<p>Procedure in place to articulate office accommodation and security approach for staff working for PLUS ES</p>	<p>The process owner for this control is the Property Operations Manager. The Shared Amenities Analysis considers risk associated with sharing of confidential information in common facilities such as meeting rooms, kitchen or toilets.</p> <p>The report was undertaken in 2019, since then Ausgrid's shared sites have reduced and the due to the effects of Covid-19 number of staff on the sites has decreased.</p>	<p>The control ensures that the shared amenities on site are only accessible to those employees who do not have access to electricity information or only have access to electricity information to the extent necessary to perform services and do not have any opportunity to use that electricity information to engage in conduct that is contrary to the Ring-fencing guideline.</p>



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
24		Service Provider to the extent necessary to respond to an event (such as an emergency) that is beyond the other Network Service Provider's reasonable control; iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorized in accordance with the waiver process set out in clause 5 of this Guideline.	Physical access granted to sites/offices is based on role and entity	Observe that physical access granted to sites/offices is based on role and entity.	Testing a sample of staff confirmed that role based access controls works effectively to maintain distinction between Ausgrid and PLUS ES as separate entities and PLUS ES staff are restricted from accessing or using Ausgrid's office or internal website in normal course of business.
29			Workspaces physically separated including electronic access controls for all doors	Conduct a site inspection at Ausgrid's Homebush Depot to confirm whether Ausgrid and PLUS ES employees work in separated buildings with separate access cards.	Workspaces are physically separated for Ausgrid and PLUS ES staff.
33			Procedure in place to articulate office accommodation	The process owner for this control is the Property Operations Manager. The Shared	The control ensures that the shared amenities on site are only accessible to those employees who do not have



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
			and security approach for staff working for PLUS ES	Amenities Analysis considers risk associated with sharing of confidential information in common facilities such as meeting rooms, kitchen or toilets.	access to electricity information or only have access to electricity information to the extent necessary to perform services.
45			Separate key system for PLUS ES to access non-network/ office PLUS ES location	Conduct site inspections in Ausgrid Depot Homebush to test the operating effectiveness of the control.	Physical segregation between Ausgrid and its affiliates is maintained. PLUS ES staff do not have access to Ausgrid's premises.
65			GRC Perform Quarterly Reviews of Physical Access and Registers	Obtain GRC Quarterly review of controls and test the whether the quarterly review satisfy the relevant ring-fencing guideline.	The control was working effectively during the reporting period. As per the GRC team's quarterly review and testing, no issues were noted.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
8	4.2.2 (a), (b), and (d)	<p>(a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p>(b) Clause 4.2.2(a) does not apply in respect of:</p> <p>i. a member of staff who, in the course of their duties:</p> <p>a. does not have access to electricity information;</p> <p>b. has access to electricity information but does not have, in performing the roles, functions or duties of their staff position, any opportunity to use that</p>	Formal process governs the secondment of Ausgrid staff to any affiliate	<p>Obtain the policy document governing the secondment of staff and duties.</p> <p>Obtain the Staff Sharing register published on Ausgrid's website and determine whether the Register has been reviewed and up to date.</p>	PwC noted the staff sharing register has been made public at the Ausgrid website. The register is reviewed on a quarterly basis and updated accordingly.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
16		<p>electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or</p> <p>c. only has access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services);</p> <p>ii. providing assistance to another Network Service Provider to the extent necessary to respond to an event (such as an emergency) that</p>	<p>Formal process governs the short-term supply of Ausgrid staff to any affiliate</p>	<p>Obtain the policy document governing the staff On-Loan and the duties and responsibilities of Ausgrid Managers while approving staff applications for Loan arrangements.</p>	<p>PwC noted the staff sharing register has been made public at the Ausgrid website. The register is the responsibility of the People Hub Manager who reviews the register on a quarterly basis and updates accordingly.</p>
24		<p>is beyond the other Network Service Provider's reasonable control;</p> <p>iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorized in accordance with the waiver process set out in clause 5 of this Guideline.</p> <p>(c) The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's</p>	<p>Physical access granted to sites/offices is based on role and entity</p>	<p>Perform process walkthrough of the control with Protective Security to determine whether staff were provided access to offices and intranet website based on their role and entity that is aligned to the HR system.</p>	<p>Role based access controls work effectively to maintain distinction between Ausgrid and PLUS ES as separate entities. PLUS ES staff are restricted from accessing or using Ausgrid's office or internal website in normal course of business.</p>



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
		obligations under this Guideline. (d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider.			



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
55	4.2.1 (a) & (b)		Staff sharing requests can be routed to GRC team for advice/analysis/ approval	Obtain review document of staff sharing register published in Ausgrid's website.	PwC noted the staff sharing register has been made public at the Ausgrid website. The register is reviewed on a quarterly basis and updated accordingly.
56			Staff profile changes readily identified via HR Essentials system	Review evidence that staff roles and entity changes are maintained are Mygrid and this is automatically reflected in HR Essentials.	This control prevents employees having access to Ausgrid and PLUS ES systems or premises at the same time and prevent having access to protected information and maintain distinction between Ausgrid employees and PLUS ES employees. The control is operating effectively.
65			GRC Perform Quarterly Reviews of Physical Access and Registers	Obtain evidence of GRC Quarterly review of controls and test the whether the quarterly review satisfy the	The control was working effectively during the reporting period. As per the GRC team's quarterly review and PwC's testing, no issues were noted.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
				relevant ring-fencing guideline.	
46	4.2.3 (a) (i)	Separate branding guidelines established for PLUS ES	Obtain company policy on separate branding for PLUS ES to check for documentation regarding separate branding guidelines.	Obtain company policy on separate branding for PLUS ES to check for documentation regarding separate branding guidelines.	The requirements to avoid co-mingling the brands of Ausgrid and its affiliate are clearly articulated, and PwC did not observe any breach of this policy.
47			Separate ID Cards for PLUS ES staff	Inspect ID cards of Ausgrid staff and PLUS ES staff.	To prevent co-branding at an individual level and reinforce the distinction between the two entities PLUS ES, staff are issued with ID cards with PLUS ES Branding

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
11	4.2.3 (a) (ii) &(iii)	A DNSP 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);	Contact Centre scripts include generic references to contestable service providers.	Inspect the documentation of Call Centre scripts include references to contestable services.	As per discussion with the Manager of the Contact Centre on 17 March 2022 there are regular checks which include call monitoring to ensure no breaches occur. On inspection of the Call Centre scripts confirmed that no breaches occurred during the reporting period.
40	4.2.3 (a) (iii)	A DNSP: must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself	Ring-fencing issues highlighted in Contact Centre Management Reports	Inspect Management Quality reports to identify any breaches.	As per discussion with the Manager of the Contact Centre on 17 March 2022 there are regular checks which include call monitoring to ensure no breaches occur. On inspection of the Management Centre report confirmed that no breaches occurred during the reporting period.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
28	4.2.4 (a) & (b)	A DNSP must establish, maintain and keep a register that identifies: (a) the classes of 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.; and (b) the nature of the positions (including a description of the roles, functions and duties) of its members of staff to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b 4.2.2(b)iii. or 4.2.2(d); and must make the register publicly available on its website.	Office and Staff Sharing registers are published on Ausgrid's external website and periodically reviewed for accuracy	Inspect that Ausgrid has established staff sharing register and maintained the register as part of the quarterly review.	PwC noted the staff sharing register and office sharing registers have been made public at the Ausgrid company website and are accurate and up to date. The latest version of register is published at the Ausgrid website.
65			GRC Perform Quarterly Reviews of Physical Access and Registers	Conduct testing to ensure that the Staff Sharing Register on the website is the current version and has been reviewed during the regulatory period.	PwC noted the staff sharing register and office sharing register have made public at the Ausgrid company website and are accurate and up to date.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
4	4.3.1 & 4.3.2	For the purposes of this clause 4.3, 'confidential information' means electricity information, acquired or generated by a DNSP in connection with its provision of direct control services, that is not already publicly available, and includes electricity information: (a) that the DNSP derives from that information; or (b) provided to the DNSP by or in	PLUS ES staff do not have access to Ausgrid intranet site	Perform site inspection to confirm that PLUS ES staff do not have access to Ausgrid confidential information.	Ausgrid and PLUS ES staffs have separate offices, separate intranet website and separate access cards.
5			Allowable uses of confidential information stored in ICT systems defined	Obtain the policy document to review adequate documentation regarding handling and allowable uses of confidential information. Inspect random email samples to identify whether the controls are effective.	The staff members of Ausgrid are aware of the confidential information policy and the importance of maintaining the process to protect confidential information.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
20		<p>relation to a customer or prospective customer of direct control services. [Note: aggregated financial information, or other service performance information, that does not relate to an identifiable customer, or class of customer, is excluded from the definition of confidential information by reason of the definition of electricity information in clause 1.4 of this Guideline.]</p>	<p>ICT system access is permitted based on Critical Operational Analysis</p>	<p>1) Walkthrough Critical operational analysis procedure for role-based access. 2) Test a sample of users to verify the access was revoked when the secondment ended, or the employee was terminated.</p>	<p>ICT system access is granted based on the staff information keyed in the system and the access is automatically revoked once the secondment has ended or if the employee is terminated.</p>



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
27	4.3.1 & 4.3.2	<p>For the purposes of this clause 4.3, 'confidential information' means electricity information, acquired or generated by a DNSP in connection with its provision of direct control services, that is not already publicly available, and includes electricity information:</p> <p>(a) that the DNSP derives from that information; or</p> <p>(b) provided to the DNSP by or in relation to a customer or prospective customer of direct control services.</p>	Processes to protect the privacy of confidential information are defined	Review the Privacy playbook and the Corporate Service Agreement to review the procedures to protect confidential information.	Policy has adequate documentation to protect confidential information and all employees are aware of the Information privacy policies.
44		<p>[Note: aggregated financial information, or other service performance information, that does not relate to an identifiable customer, or class of customer, is excluded from the definition of confidential information by reason of</p>	Role based system access requirements defined for PLUS ES staff	Obtain the employees movement listing for the reporting period and test a sample of employees against the access documents provided by the client.	Employees on secondment are only allowed access specific to their roles.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
51		the definition of electricity information in clause 1.4 of this Guideline.]	User access control and review regularly undertaken by Cyber team following documented procedure	Confirmed User Access Control and Review procedures are applied by cyber team for periodic reviews of system access including the process involved in staff movements, unauthorized access/suspicious activity etc. Ringfencing considered as a key driver for strict user's access control within the procedure.	The user access control reviews satisfy the ringfencing obligations by monitoring unauthorized access or use of sensitive information.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
58	4.3.1 & 4.3.2	For the purposes of this clause 4.3, 'confidential information' means electricity information, acquired or generated by a DNSP in connection with its provision of direct control services, that is not already publicly available, and includes electricity information: (a) that the DNSP derives from that information; or (b) provided to the DNSP by or in relation to a customer or prospective customer of direct control services.	Identify Access Management (IAM) application automatically updates access based on role	Perform process walkthrough of the control with Ausgrid's Security Service and Control Manger (Cyber) and test a sample of staff on secondments.	Identity and Access Management tools ensures access restrictions for the seconded employees and maintains distinction between Ausgrid and PLUS ES and restricts access of confidential information.
63			Identity and access management system (IAM) has specialized rules for secondary accounts associated with on-loan arrangements	Perform a process walkthrough of the relevant control with Ausgrid's Security Service and Control Manger (Cyber) and confirm specialized rules for setting up the AD account for secondees is based on their role or duties contained in the MBS file.	IAM enables Ausgrid to maintain separate employee accounts to enforce the ring-fencing compliance distinction between entities and protect confidential information.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
64	4.3.1 & 4.3.2		The ICT team applies the documented information security incident management procedure for all information security incidents	Obtain and review the policy documents: 1) IT000-P0111 – Information Security Incident Management 2) CT01 – Ransomware Recovery Playbook and reviewed the documentation for controls to mitigate any breaches.	Information Security Incident management procedure document and the Ransom Recovery Playbook include adequate documentation on the process to follow in case of a breach and enforces the control to prevent loss or leakage of information to unauthorized person or from cyber-attack.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
75	4.3.1 & 4.3.2 Cont.		Legal & Compliance Privacy Playbook interrogates non-compliance with RFG re information sharing	Review the legal Privacy playbook to test that adequate controls are in place to detect and report any non-compliance incidents.	The Privacy playbook adequately documents the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guideline.
77			Approval checks for need to confirm when some types of sensitive or classified information can be shared via email outside Ausgrid	Obtain the Data Security Governance forum meeting documents to identify the rules that govern the classified information and who is authorized to approve the different classes of data.	The approval checks for transmission of information will act as a control that sensitive or classified information is not shared with an unauthorized person outside the organization via email. Although the review process was primarily developed as a tool to identify and block the emails containing sensitive information, the DLP tool can be used as a ring fencing control aimed at protecting sensitive information.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
32	4.3.3 (a), (b) and (c)	A DNSP must not disclose confidential information to any person, including a related electricity service provider, unless: (a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the confidential information relates; (b) the disclosure is required by, or for the purpose of complying with any law; (c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);	Conduct testing to ensure that the Staff Sharing Register on the website is the most current version and has been reviewed during the regulatory period.	Review the staff sharing register and confirm that the register has been made public at the Ausgrid company website and the Staff sharing register is up to date.	The staff sharing register is maintained on the Ausgrid website is updated and accurate.
26	4.3.3 (e)	A DNSP must not disclose confidential information to any person, including a related electricity service provider, unless: (e) the disclosure is solely for the purpose of providing assistance to another Network Service Provider to the extent necessary to	Process in place to allow confidential information shared with an affiliate to be	Obtain the information sharing protocol from Ausgrid's website to verify that Ausgrid's compliance with the	The information sharing register is maintained on the Ausgrid website and is updated and accurate. We confirmed that the most up to



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
		respond to an event (such as an emergency) that is beyond the other Network Service Provider's reasonable control	equally available to other entities, including terms & conditions, is established and available on the website.	Information sharing protocol.	date version is maintained on the website.
32	4.3.4 (a) & (b)	a DNSP shares confidential information with a related electricity service provider, or where confidential information that a DNSP has disclosed under clause 4.3.3(f) is then disclosed by any person to a related electricity service provider of the DNSP, the DNSP must provide access to that confidential information (including the derived information) to other legal entities on an equal basis.	Information register is published on Ausgrid's external website and periodically reviewed for accuracy	Conduct testing to ensure that the Information Sharing Register on the website is the most current version and has been reviewed during the regulatory period.	PwC noted the Information sharing register has been made public at the Ausgrid company website and is up to date.
65		(b) A DNSP is only required by clause 4.3.4(a) to provide information to a legal entity where: i. the legal entity has requested that it be included on the information register in respect of information of that kind; and ii. the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in	GRC Perform Quarterly Reviews of Physical Access and Registers	Obtain GRC Quarterly review of controls and test whether the quarterly review satisfies the relevant ring-fencing guideline.	The control was working effectively during the reporting period. As PwC's testing of the GRC team's quarterly review document no issues were noted.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
		relation to the provision of contestable electricity services.			
32	4.3.4 (c)	A DNSP must not disclose confidential information to any person, including a related electricity service provider, unless: (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;	Information register is published on Ausgrid's external website and periodically reviewed for accuracy	Conduct testing to ensure that the Staff Sharing Register on the website is the most current version and has been reviewed during the regulatory period.	PwC noted the staff sharing register has made public at the Ausgrid company website and the Staff sharing register is up to date.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
41	4.4.1 (a) & (b)	<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: i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.</p> <p>(b) must not, directly or indirectly, encourage or incentivize a service provider to engage in conduct which, if the DNSP engaged in the</p>	Ring-fencing related clauses included in legally approved templates used for procurement	Sight the template used for procurement to ensure that the templates contain Ring-fencing clauses.	Inclusion of clauses relating to Ringfencing guidelines ensures partners and third-party providers are aware of Ausgrid's ring-fencing obligations and take responsibility for their own actions to comply.
53			PLUS ES External partner code of conduct addresses RF matters	Obtain PLUS ES's External Partner code of conduct and reviewed the policy for compliance with the obligations.	PLUS ES have adequately documented the Ring-fencing guidelines to prevent any misconduct arising from engagement with service providers.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
59		conduct itself, would be contrary to the DNSP's obligations under clause 4 of this Guideline.	Ausgrid External partner code of conduct addresses RF matters	PwC obtained Ausgrid's External Partner code of conduct and reviewed the policy for compliance with the obligations.	Ausgrid has adequately documented the Ring-fencing guidelines to prevent any misconduct arising from engagement with service providers.
42	5.2	<p>A DNSP may apply in writing to the AER for a waiver of its obligations under clauses 3.1, 4.2 and / or 4.4.1(a) of this Guideline, either on its own behalf or on behalf of itself and one or more other DNSPs who are affiliated entities of the DNSP. An application for a waiver must contain all information and materials necessary to support the DNSP's application, including:</p> <p>(a) the obligation in respect of which the DNSP is applying for a waiver;</p> <p>(b) the reasons why the DNSP is applying for the waiver;</p>	Ring-fencing waiver application templates used, based on guideline requirements	<p>1) Enquire under which circumstances Ausgrid would apply for a waiver.</p> <p>2) Inspect waiver template.</p>	Ausgrid uses standardised templates which are set out by the AER when submitting a waiver application. A current waiver is not operating in the current period.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
		(c) details of the service, or services, in relation to which the DNSP is applying for the waiver;			
43	5.7	<p>A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) and must make the register publicly available on its website</p> <p>The register established must include:</p>	Ring-fencing waivers are published on Ausgrid's external website and periodically reviewed for accuracy	<p>1) Inspect Ausgrid website for any waivers</p> <p>2) Inspect AER website for any waivers.</p>	Ausgrid publishes all waivers on its external website and is periodically reviewed. Current waiver publications match those as listed on the AER (none).



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
65		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	GRC Perform Quarterly Reviews of Physical Access and Registers	Obtained a copy of review and inspected how it assisted to satisfy obligations.	Ausgrid's quarterly review detects potential risks and areas of non-compliance. Whilst Ausgrid's register review satisfies maintenance of waiver application, it also assists in satisfying several obligations with clause 4 and reporting and disclosure obligations in clause 6.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
2	6.1	<p>A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.</p> <p>The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedure does not affect the DNSP's obligations under this guideline.</p>	Ad-hoc ring-fencing communications issued to staff	Ensure Ring-Fencing communications are issued to staff.	Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email and associated channels to ensure compliance with obligations.
7			Code of Conduct addresses various matters related to RF G	Ensure Code of Conduct addressed policies and procedures including Ring-Fencing Guidelines.	Ausgrid's Code of Conduct addresses to all staff the importance of compliance with policies, procedures and guidelines, including Ring-Fencing guidelines. This document is one of a number of internal procedures in place to ensure compliance with Guidelines.
13			Controls reviewed and updated by SME's following non-compliance incidents	Investigate Ausgrid's review of internal procedures to address non-compliance and SME's responsible for controls.	Ausgrid has maintained an up-to-date document of controls, SME's and instances of non-compliance, which was presented to the audit team in a timely manner



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
					within reporting period requirements.
14			Controls reviewed and updated by SME's following regulatory changes	A review of Ausgrid's preparation for Ring-Fencing Guidelines Version 3.	See Appendix 1 - Version 3 Preparedness
19			GRC team monitors changes in affiliate arrangements and assess versus regulatory requirements	Understand how GRC team monitors changes in affiliate arrangements and assess how this affects regulatory requirements.	Ausgrid is able to ensure compliance through the monitoring of any changes in affiliate arrangements. This is made simple due to their only arrangement being with PLUS ES. No changes to this have occurred in the reporting period nor have Ring-fencing obligations materially changed during the reference period. Therefore, continued compliance has been maintained.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
31	6.1	<p>A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.</p> <p>The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedure does not affect the DNSP's obligations under this guideline.</p>	GRC and Management issue ring-fencing compliance awareness materials	Ensure Ring-Fencing communications are issued to staff	The issuance of ring-fencing materials through ad-hoc communications, training and specific ring fencing/compliance discussions ensure compliance with Ausgrid's requirements to have internal procedures which educate and inform staff on their obligations for compliance.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
35			Responsibilities of DNSP entity staff to support ring-fencing compliance documented in a policy	Ausgrid encourages competition through internal education of Ring-Fencing Guidelines.	Ausgrid has a policy of Encouraging competition through Ring-fencing. This policy outlines key obligations (clause 3 and 4) which all staff and anyone carrying out work on behalf of Ausgrid must follow. This ensures staff are aware of their obligations under the Guidelines and lists steps of how to help achieve these obligations.
36			Ring-fencing training program developed and implemented	Inspect the Ring-Fencing Training program administered by Ausgrid.	Ausgrid has prepared and operates specific Ring-Fencing training for staff which covers key aspects of the guideline to educate and inform. Compliance with the undertaking of this training is covered in ring 70.
37			Ring-fencing communications Information Sheet made available	Ensure Ring-Fencing communications are issued to staff	The issuance of ring-fencing materials through ad-hoc communications, training and specific ring fencing/compliance discussions ensure



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
					compliance with Ausgrid's requirements to have internal procedures which educate and inform staff on their obligations for compliance.
39	6.1		Ring-fencing intranet site established	Inspect Ring-Fencing materials are available and accessible for Ausgrid staff to educate and refer to.	Ausgrid has a dedicated Ring-Fencing page for staff access over the intranet which is a data base for policies, procedures, guidelines and resources related to Ring-Fencing obligations that must be observed by staff.
60	6.1		Documented procedure in place to govern Corrective and Preventative Action Management	Enquire which procedures are in place and inspect those which govern Corrective and Preventative Action Management.	Ausgrid has internal procedures including a Corrective and Preventative Action Management Procedure Policy and an action plan to log breaches and actions with Ausgrid's Enablon system. This would flag any instances of non-compliance that must be reported to the AER in a timely manner.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
70			Training compliance report generated and reviewed weekly	Obtain a report of completed training and select a sample of staff to gain assurance over the report.	Ausgrid has appropriate internal procedures to ensure compliance with Ring-Fencing Guidelines by ensuring appropriate training and education has been undertaken by staff. PwC ensured a sample of employees had undertaken the training as identified by Ausgrid training compliance report. No issues were noted, and the control would identify staff who had not undertaken training which helps establish internal procedures to satisfy obligations.



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
38	6.1 & 6.3	<p>A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.</p> <p>A DNSP must notify the AER in writing within five business days of becoming aware of a material breach of its obligations under this Guideline.</p>	Ring-fencing email address maintained to deal with queries and escalations	Locate email address on public Ausgrid site and make contact through email address to ensure it is operational.	Ausgrid has and actively maintains a dedicated Ring-Fencing email address to monitor and internal or external reports of breaches. Email address is now included on the main ring-fencing page.

Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
25	6.3	<p>A DNSP must notify the AER in writing within 5 (five) business days of becoming aware of a material breach of its obligations under this Guideline.</p> <p>The AER may seek enforcement of this guideline by a court in the event of any breach of this guideline by a DNSP, in accordance with the NEL.</p>	<p>Process established for the reporting and analysis of incidents with possible relevance to Ring Fencing, and also for timely notification of any non-compliances to AER</p>	<p>Inspect report from Enablon for instances of non-compliance and investigate those which arise (none occurred).</p>	<p>Ausgrid has not had any breaches within the reporting period. There are processes in place to identify any potential breaches or instances of non-compliance in which the GRC can notify the AER in a timely manner.</p>
40			<p>Ring-fencing issues highlighted in Contact Centre Management Reports</p>	<p>Obtain and inspect quality report conducted by Centre Management to ensure no issues of non-compliance with ring fencing guidelines.</p>	<p>Ausgrid's quality control by Call Centre Management reports helps to detect any breaches or instances of non-compliance. This enables Ausgrid to identify any instances that require to be reported to the AER in a timely manner.</p>



Ausgrid Control Ref	Clause	Obligation	Control	Work Performed	Results (compliance with obligation)
80			Annual Compliance Review of '30 Minute jobs' data in CASS	Obtain a copy of 30-minute jobs review and inspect for any possible breaches in compliance.	By undertaking a Compliance Review of 30-minute jobs, Ausgrid can identify any instances of non-compliance with the guidelines or possible breaches. By having this control in place, Ausgrid can report anything identified to the AER in a timely manner.



Appendix 1 - Version 3 preparedness

Our report does not opine on Ausgrid's preparedness of Version 3. PwC was able to observe that Ausgrid has taken steps to ensure ongoing adherence to the Guideline in its revised version.

Our engagement noted the following:

- Ausgrid participated in the AER's consultation exercises to develop Version 3 of the Guideline.
- Ausgrid reviewed and augmented its controls to take account of the additional requirements of Version 3.
- Ausgrid has amended, or has plans to amend, Policies, Procedures, training materials, and other documents, to reflect the additional requirements of Version 3.

In terms of newly introduced controls, PwC noted:

- A new control #78 had been introduced aimed at ensuring that Ausgrid would only supply other services as a SAPS provider in a manner permitted by the Guideline (see 3.1 (d) (viii) of Ver.3)
- A new control #79 had been introduced aimed at ensuring Ausgrid would not discriminate on the basis of whether any entity uses its assets (see 4.1 (d) of Ver. 3).
- Control #65 had been amended to take account of the requirements in Version 3 in relation to quarterly reviews and updates to various Ring-fencing Registers (see 4.2.4 (b) of Ver.3).
- Control #25 had been amended to reflect the modified breach reporting expectations in Version 3 (see 6.3 of Ver.3).