

NSW Electricity Networks Operations Trust

Revenue Reset RINs



1. Revenue Reset RIN

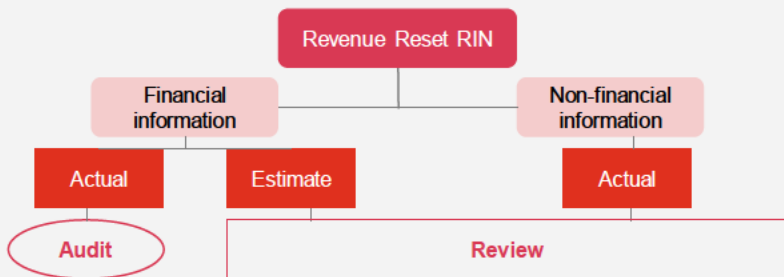
Reset Regulatory Information Notice (RIN) audit

The audited Revenue Reset RINs comprise a total of four schedules containing historical financial and non-financial information in respect of the regulatory years ended between 30 June 2014 and 30 June 2021.

The four schedules are required in accordance with the RIN issued under Division 4 of Part 3 of the National Electricity (New South Wales) Law, issued by The Australian Energy Regulator (AER) dated 23 September 2021.

These Revenue Reset RIN schedules collect historical actual and estimated financial and non-financial information for submission to the AER.

The information in these Revenue Reset RIN schedules are derived from underlying financial and operational systems with manual calculations and estimations for certain elements of information. This is summarised below together with the level of work we have performed to meet the AER's requirements.



Our audit/review procedures comprise the following RINs:

1. RIN 7.4 shared assets for 2017 - 2021
2. RIN 8.2.7 immediate expensing of CAPEX 2019 - 2021
3. RIN 7.9.4 STPIS – market impact component (MIC) for 2014-2020
4. Workbook 5 – capital expenditure sharing scheme (CESS) for network capability incentive parameter action plan (NICPAP) data 2019 – 2021

RIN 7.4 and Workbook 5, which contain actual financial information, are covered by the audit report.

RIN 7.9.4, which contains non-financial information (e.g. planned and unplanned outage events), is covered by the assurance report.

RIN 8.2.7 contains information which is not derived from underlying systems and is therefore, deemed estimated financial information and is covered by the review report.

The RIN schedules are prepared in accordance with the accompanying Basis of Preparation documents. We have reviewed the Basis of Preparation as part of our work.

Conclusion

No issues arose from our work.



Independent auditor's report

To the Directors of the Trustee for NSW Electricity Networks Operations Trust

Our opinion

We have audited the historical financial information included in the accompanying Revenue Reset Report of NSW Electricity Networks Operations Trust for the year ended 30 June 2017 to 30 June 2021. In our opinion the accompanying historical financial information included in the Revenue Reset Report is prepared, in all material respects, in accordance with Regulatory Information Notice dated 23 September 2021 issued by the Australian Energy Regulator.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Revenue Reset Report* section of our report.

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

Independence

We are independent of the NSW Electricity Networks Operations Trust in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Revenue Reset Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to the accompanying Basis of Preparation, which describes the basis of preparation. The Revenue Reset Report has been prepared to assist the Trustee for NSW Electricity Networks Operations Trust in satisfying the requirements of the Australian Energy Regulator. As a result, the Revenue Reset Report may not be suitable for another purpose. Our report is intended solely for the directors of NSW Electricity Networks Operations Trust and should not be distributed to or used by parties other than the directors of NSW Electricity Networks Operations Trust and the Australian Energy Regulator. Our opinion is not modified in respect of this matter.

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Responsibilities of the management for the Revenue Reset Report

Management is responsible for the preparation and presentation of the Revenue Reset Report in accordance with Regulatory Information Notice dated 23 September 2021 issued by the Australian Energy Regulator, and for such internal control as management determine is necessary to enable the preparation of the Revenue Reset Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the Revenue Reset Report

Our objectives are to obtain reasonable assurance about whether the Revenue Reset Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Revenue Reset Report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Revenue Reset Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NSW Electricity Networks Operations Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the NSW Electricity Networks Operations Trust to express an opinion on the Revenue Reset Report. We are responsible for the direction, supervision and performance of the NSW Electricity Networks Operations Trust audit. We remain solely responsible for our audit opinion.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

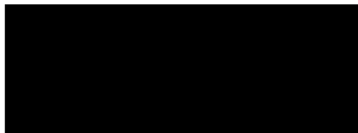


Matters relating to the electronic presentation of the Revenue Reset Report

This auditor's report relates to the Revenue Reset Report for the year ended 30 June 2017 to 30 June 2021 which may be included on a website. We have not been engaged to report on the integrity of a website. The auditor's report refers only to the Revenue Reset Report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Revenue Reset Report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited Revenue Reset Report to confirm the information included in the audited Revenue Reset Report presented on this website.

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Craig Thomason
Partner

Sydney
23 December 2021



Independent auditor’s review report on the AER Revenue Reset RIN Response templates for transmission network service providers to the Directors of NSW Electricity Networks Operations Trust

We have reviewed the accompanying AER Revenue Reset RIN Response templates for transmission network service providers (the “Revenue Reset Report”) of NSW Electricity Networks Operations Trust for the years ended 30 June 2019 to 30 June 2021. This comprises:

- The estimated financial information as outlined in the Basis of Preparation included in the Revenue Reset Report; and
- The accompanying Basis of Preparation.

The Revenue Reset Report has been prepared to satisfy the requirements of the Regulatory Information Notice dated 23 September 2021 as issued by the Australian Energy Regulator.

Management’s responsibility for the Revenue Reset Report

Management is responsible for the preparation of the Revenue Reset Report and has determined that the criteria used in the Basis of Preparation accompanying the Revenue Reset Report are appropriate to the needs of the Australian Energy Regulator. This responsibility includes establishing and maintaining internal control relevant to the preparation of the Revenue Reset Report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the Revenue Reset Report based on our review. We have conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* (ASRE 2405) in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Revenue Reset Report is not prepared, in all material respects, in accordance with the Basis of Preparation accompanying the Revenue Reset Report.

No opinion is expressed as to whether the criteria used in the Basis of Preparation are appropriate to the needs of the Australian Energy Regulator.

ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the estimated financial information as outlined in the Basis of Preparation included in Revenue Reset Report of NSW Electricity Networks Operations Trust have not been prepared, in all material respects, in accordance with the accompanying Basis of Preparation for the year ended 30 June 2019 to 30 June 2021.

Emphasis of matter - basis of preparation and restriction on distribution and use

We draw attention to the accompanying Basis of Preparation, which describes the Basis of Preparation. The Revenue Reset Report has been prepared by management for the Australian Energy Regulator for the purpose of fulfilling the requirements of the Regulatory Information Notice, dated 23 September 2021 as issued by the Australian Energy Regulator. As a result, the Revenue Reset Report may not be suitable for another purpose. Our report is intended solely for the Directors of NSW Electricity Networks Operations Trust and the Australian Energy Regulator and should not be distributed to or used by parties other than the Directors of NSW Electricity Networks Operations Trust and the Australian Energy Regulator. Our conclusion is not modified in respect of this matter.



Matters relating to the electronic presentation of the Revenue Reset Report

This auditor's review report relates to the Revenue Reset Report for the years ended 30 June 2019 to 30 June 2021 which may be included on a website. We have not been engaged to report on the integrity of a website. The auditor's report refers only to the Revenue Reset Report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Revenue Reset Report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed Revenue Reset Report to confirm the information included in the reviewed Revenue Reset Report presented on this website.

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Craig Thomason
Partner

Sydney
23 December 2021



Independent assurance report on the AER Revenue Reset RIN Response templates for transmission network service providers to the Directors of NSW Electricity Networks Operations Trust

Scope

In accordance with the terms of engagement letter dated 11 November 2021 we were engaged by NSW Electricity Networks Operations Trust to perform an independent limited assurance engagement in respect of AER Revenue Reset RIN Response templates for transmission network service providers, as required by the Regulatory Information Notice dated 23 September 2021 issued by the Australian Energy Regulator (the "Revenue Reset Report") for NSW Electricity Networks Operations Trust for the years ended 30 June 2014 to 30 June 2021. This comprises:

- The non-financial information as outlined in the Basis of Preparation included in the Revenue Reset Report; and
- the accompanying Basis of Preparation.

The Revenue Reset Report has been prepared to satisfy the requirements of the Regulatory Information Notice dated 23 September 2021 issued by the Australian Energy Regulator.

We have assessed the Revenue Reset Report against the Basis of Preparation accompanying the Revenue Reset Report. As requested by you we agreed information to the underlying Data Sources as detailed in the Basis of Preparation. However, it was impracticable to observe or physically count the items recorded in NSW Electricity Networks Operations Trust's historical data sources.

Management's responsibilities for the Revenue Reset Report

Management are responsible for the Revenue Reset Report and for the preparation of the Revenue Reset Report in accordance with the Basis of Preparation.

Our Independence and Quality control

We have complied with relevant ethical requirements related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Revenue Reset Report has not been prepared, in all material respects, in accordance with the Basis of Preparation, for the year ended 30 June 2014 to 30 June 2021.

The procedures we performed were based on our professional judgement and included:

- analytical procedures
- sample testing of selected information to data sources
- re-performances of calculations
- enquiry procedures over key processes and controls in calculating and reporting the Revenue Reset Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

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

Inherent limitations

Because of the inherent limitations of any internal control framework and the underlying non-financial data, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Revenue Reset Report with the Basis of Preparation, as it is limited primarily to making enquiries, of the NSW Electricity Networks Operations Trust's management, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the non-financial information as outlined in the Basis of Preparation included in Revenue Reset Report of NSW Electricity Networks Operations Trust have not been prepared, in all material respects, in accordance with the accompanying Basis of Preparation for the year ended 30 June 2014 to 30 June 2021.



Basis of preparation and restriction on distribution and use

We draw attention to the accompanying Basis of Preparation, which describes the Basis of Preparation. The Revenue Reset Report has been prepared by management for the Australian Energy Regulator for the purpose of fulfilling the requirements of the Regulatory Information Notice dated 23 September 2021 issued by the Australian Energy Regulator. As a result, the Revenue Reset Report may not be suitable for another purpose. Our report is intended solely for the Directors of NSW Electricity Networks Operations Trust and the Australian Energy Regulator and should not be distributed to or used by parties other than the Directors of NSW Electricity Networks Operations Trust and the Australian Energy Regulator. Our conclusion is not modified in respect of this matter.

Matters relating to the electronic presentation of the Revenue reset Report

This auditor's review report relates to the Revenue Reset Report for the years ended 30 June 2014 to 30 June 2021 which may be included on a website. We have not been engaged to report on the integrity of a website. The auditor's report refers only to the Revenue Reset Report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Revenue Reset Report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed Revenue Reset Report to confirm the information included in the reviewed Revenue Reset Report presented on this website.

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Craig Thomason
Partner

Sydney
23 December 2021