



# Ausgrid Ring-fencing Compliance Report - 2025

1 January – 31 December 2025

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## Executive Summary

As the largest electricity distributor on Australia's east coast, Ausgrid provides safe, reliable, and affordable energy to millions every day.

Over the next decade, Ausgrid will move beyond just distributing electricity to transmitting it, storing it, and enabling vehicles to be charged with it. More than a network, we're a company driven by our purpose to make electricity accessible for all.

Since the introduction of the Ring-fencing Guideline, Ausgrid has maintained a clear separation between the provision of regulated and unregulated services to meet our obligations and needs of customers.

This separation was formalised with the creation of our affiliated entity, PLUS ES, which is Ausgrid's Related Electricity Service Provider (**RESP**).



The Ring-fencing Guideline Electricity Distribution Version 4 (the **Guideline**) requires each Distribution Network Service Provider (DNSP) to prepare a ring-fencing compliance report each regulatory year

This report is our report of compliance with the Guideline and any relating AER obligations for reference period of **1 January 2025 to 31 December 2025** (the **Period**) and is accompanied by PriceWaterhouseCoopers' 2025 Ausgrid Ring-fencing Assurance Opinion, which is an assurance assessment of Ausgrid's compliance with each provision of the Guideline (except clauses 6.2.2 and 6.3) in accordance with clause 6.2.1(c) of the Guideline.

As mandated by the Guideline, this Report identifies and describes, in respect of the **Period**:

- The measures Ausgrid has taken to ensure compliance with the provisions of the Guideline;
- Any breaches of the Guideline by Ausgrid (or which otherwise relate to Ausgrid);
- All 'other services' provided by Ausgrid, in accordance with clause 3.1 of the Guideline; and
- The purpose of all transactions between Ausgrid and its affiliated entity, PLUS ES Partnership (ABN 30 179 420 673) (**PLUS ES**).

# A COMPLIANT BUSINESS IS A SUSTAINABLE BUSINESS

Ausgrid's core values focus on safety, community and sustainability whilst maintaining a culture of compliance and integrity.

## 2025 Highlights



0 Breaches



50 Ring-fencing Controls



160+ internal ring-fencing enquiries



Two New Waivers

## Report Topics

Topic	Summary of Topic	Section
<b>Breaches</b>	Ausgrid identified no breaches of the Guideline during the Period.	N/A
<b>Compliance Measures</b>	Ausgrid maintained compliance measures, refined and added additional controls, further refreshed processes and focused on compliant culture to further strengthen and streamline ring-fencing compliance.	<b>Section 1</b>
<b>Waivers</b>	A brief overview of the waivers granted to Ausgrid during the Period, including submission of required information by the AER	<b>Section 2</b>
<b>Other Matters</b>	Ausgrid received and responded to a Request for Information from the AER on 28 August 2025	<b>Section 3</b>
<b>Provision of 'other Services'</b>	Ausgrid provides 'other services' in accordance with clause 3.1 of the Guideline.	<b>Section 4</b>
<b>Purpose of transactions with PLUS ES</b>	Ausgrid's transactions with PLUS ES fall within four service categories	<b>Section 5</b>

# 1 Compliance with the Guideline

The following sections summarises the key compliance priorities or activities undertaken through the reporting period, including but not limited to new initiatives, improvements and/or compliance focus by Ausgrid.

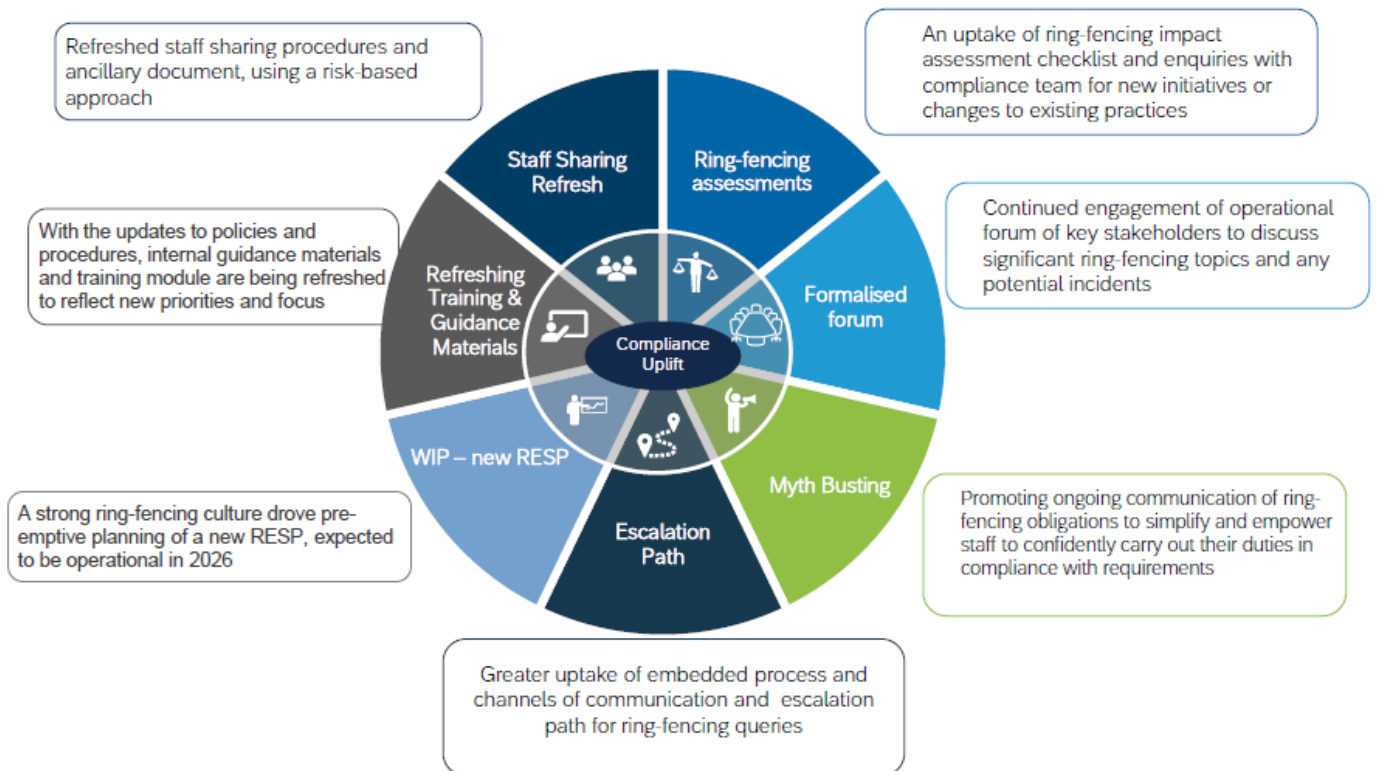
## 1.1 Ongoing ring-fencing compliance uplift

An internal audit report from February 2024 identified compliance with obligations and made recommendations on streamlining compliance across the organisation whilst improving the culture of compliance. The outcome of the internal audit triggered an uplift program.

The program has evolved into an ongoing comprehensive compliance review of not only our ring-fencing controls and processes, but also embedding a refreshed ring-fencing culture which aims to provide staff simplified guidance to understand our obligations and empower them to make the right decisions and actions.

This resulted in more than 160 staff enquires raised with the compliance team who proactively sought to clarify their compliance obligations and practices; demonstrating a ring-fencing compliance mindset and compliant culture.

Below are some of the activities taken in 2025 as part of the uplift

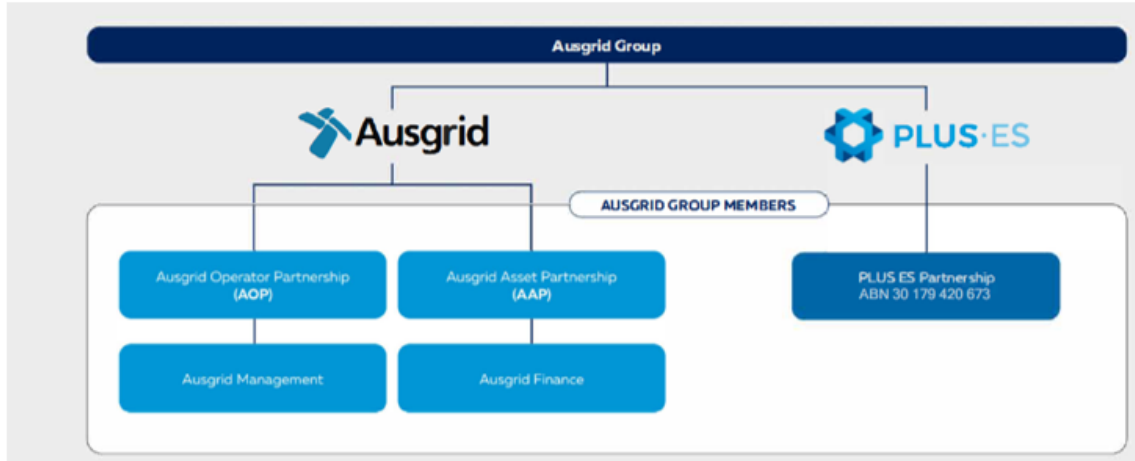


## Legal Separation



Ausgrid is permitted to provide dual function asset services but is prohibited from providing 'other services', unless exempt from the Guideline.

Legal separation is achieved through the existence of PLUS ES, Ausgrid's RESP which provides all 'other services'.



## Cost Allocation Method



Ausgrid attributes and allocates costs to individual lines of business including PLUS ES consistent with its AER-approved cost allocation methodology (CAM), the Cost Allocation Principles and clause 3.2.2 of the Guideline. Ausgrid has the following controls in place to ensure the appropriate application of the CAM:



### Annual review of cost allocators and allocation methodology

This is subject to an annual audit in connection with the submission of Regulatory Information Orders (RIO).



### Monthly journal transfer and reconciliation processes

Journal transactions are recorded in accordance with the CAM and Corporate Service Agreement.



### Separate SAP systems

Ausgrid and PLUS ES have their own accounting systems and are separate legal entities for the purposes of recording transactions between Ausgrid and PLUS ES.



### Accounting and Finance personnel

The team ensures compliance with and pragmatic application of the approved CAM and that Ausgrid and PLUS ES accounts are distinctly separated.

## Functional Separation



### Staff sharing

Ausgrid establishes the staff sharing framework in a manner consistent with the Guideline with the purpose of ensuring functional separation is maintained while allowing controlled, risk-based staff sharing, requiring:

- appropriate governance via a refreshed Staff Sharing Procedure
- a risk-based approach to determine whether staff or teams can be shared, supported by a risk assessment matrix that identifies low, medium and high-risk roles and activities.
- clear accountabilities across senior executives, managers and staff, and requires annual reviews of staff risk profiles.
- an operational Instruction, providing mandatory steps to implement temporary staff sharing of arrangements permissible.
- supported by information security, access controls and behavioural requirements, to ensure confidentiality is preserved and ring-fencing obligations are met during temporary staff sharing arrangements.

### Physical Separation

Accommodation arrangements between Ausgrid and its RESP are governed under a formal Accommodation Procedure:

- applies to all offices, depots, field service centres and specialist sites.
- adopts a risk-based approach to determine when Ausgrid and RESP staff may be co-located, supported by a risk assessment matrix that identifies low, medium and high-risk roles and activities.
- clear accountabilities across senior executives, managers and staff, and requires annual reviews of staff risk profiles,
- supported by information security, access controls and behavioural requirements, to ensure confidentiality is preserved and ring-fencing obligations are met in shared accommodation environments.



### Branding and cross promotion

Ausgrid and PLUS ES each have its own branding guidelines and marketing campaigns. Examples of separate branding include:



External websites



Separate branding zones in internal intranet



All external letterheads and templates



End user computing



ID Cards



Uniforms and related materials



Field vehicles and related equipment

Cross-promotion obligation controls are applied through the following methods:

Contact Centre leaders and staff are provided with scripts which clearly advise staff not to mention or refer work to PLUS ES

Ausgrid field staff have scripted refusals to customers who ask them to perform contestable work

Staff are reminded of their ring-fencing obligations by their managers, as well as through annual training

## Protection of Ring-fenced Information



Ausgrid maintains strict information sharing and access controls and applies Information Sharing Protocol to prevent the disclosure of ring-fenced information to its RESP, unless permitted by the Guideline. Staff with ring-fenced information are classified as high-risk and have higher expectation to protect such information.



### 1.2 Breach Management

In line with Ausgrid's values, Ausgrid utilises its Compliance Management Framework (the **Framework**) to establish a mechanism that allows the identification and escalation of ring-fencing related issues.

Ausgrid's various methods of identifying non-compliances:



**Internal compliance reviews**



**Annual attestation of controls**



**Employees notify the Audit, Risk and Compliance (ARC) team**



**Complaints or other feedback**

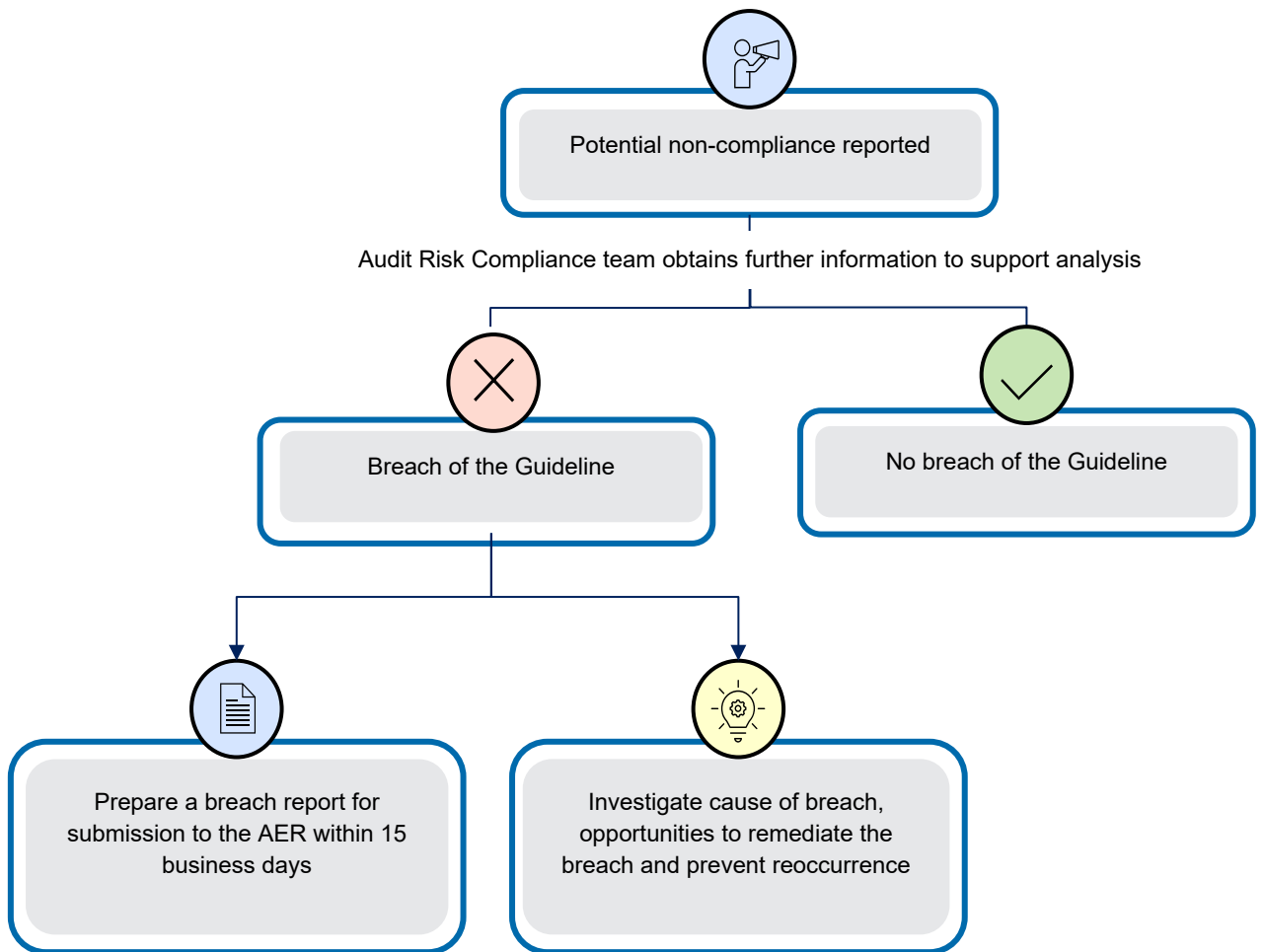


**Whistleblower process**



**Information Communication Technology (ICT) data loss identification and escalation process**

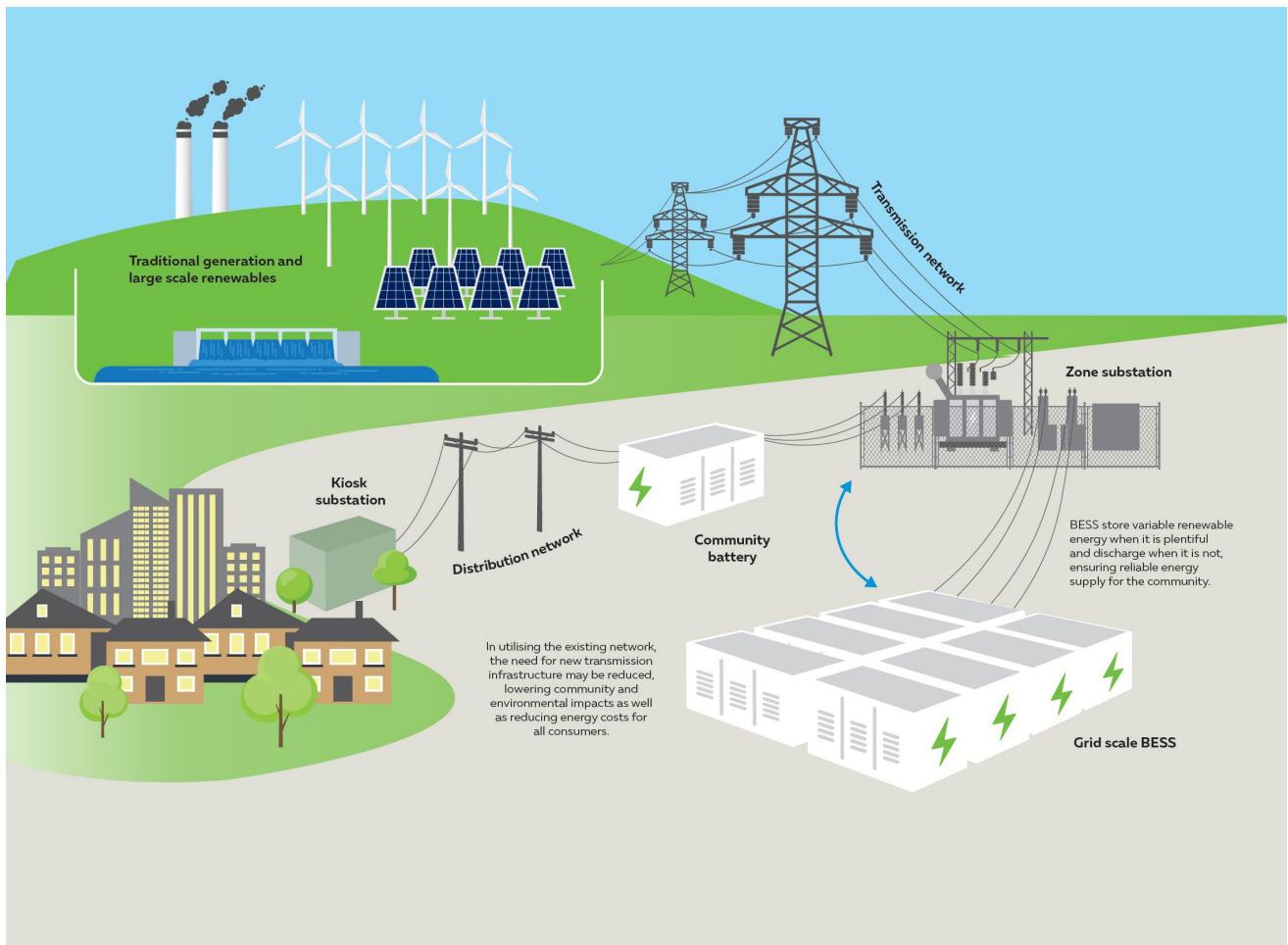
### Potential non-compliance flow-chart



### 1.3 Preparation of PLUS GS

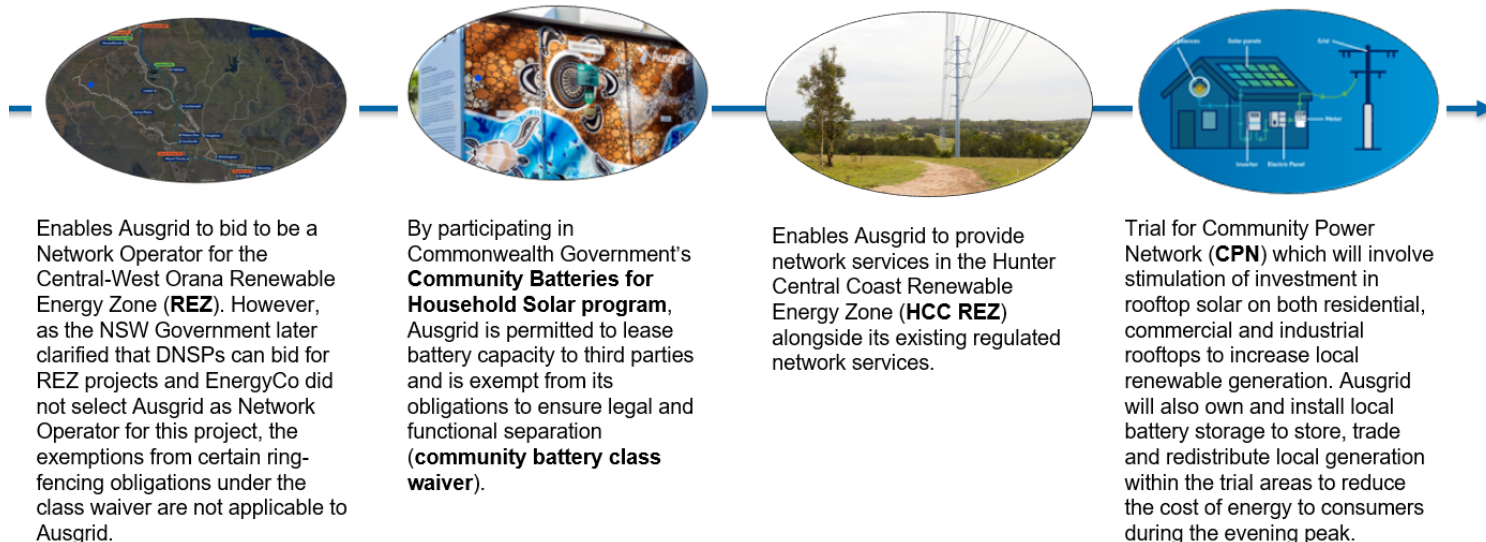
For the predominant part of 2025, Ausgrid Group prepared to establish a new RESP, PLUS Grid Storage (**PLUS GS**), to develop, own and operate large-scale grid-scale Battery Energy Storage Systems (**BESS**).

In line with Ausgrid’s commitment to ring-fencing, the BESS team ensured the compliance team was directly engaged from the outset of planning and establishing the entity. Both teams undertook a structured program of ring-fencing preparation to support the establishment of PLUS GS as a new RESP. This included early assessment of ring-fencing obligations applicable to the set-up of a new RESP per the expected services and implementation of compliance controls with a focus on how Ausgrid’s dealings with PLUS GS will be audited once operational. PLUS GS became a legal entity in December 2025 and commenced RESP operations in 2026. Therefore, reporting on compliance with the Guideline will be applicable in next year’s annual report.



## 2. Waivers

Ausgrid has been granted the following waivers, which were operative in 2025:



### 2.1 Reporting

**Please note the required information under the Community Batteries for Household Solar Program Waiver conditions:**

Note: The below response is provided per the *definition* of **total quantified benefit** in the AER's Decision *Paper Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program* dated February 2023. We have provided the sum of forecast network benefit at the time of initial proposal and approval of the assets and related services.

<b>a.</b>	the total quantified benefit derived from the deployment of the asset or all services over the most recent financial year	The total quantified benefit derived at the time of initial proposal and approval of the assets and related services was <b>\$23,394,614</b> . As provided in b. and c.
<b>b.</b>	the total quantified benefit derived from the deployment of the asset from direct control services over the most recent financial year	The total quantified benefit derived at the time of initial proposal and approval of the assets from direct control services was <b>\$1,858,239</b> .
<b>c.</b>	the total quantified benefit derived from the deployment of the asset from other distribution services and other services over the most recent financial year	The total quantified benefit derived at the time of initial proposal and approval from the deployment of the asset from other distribution services and other services was <b>\$21,536,375</b> .

<p><b>d.</b></p>	<p>a comparison of the uses (volume and frequency) of the battery that confirms the usage by the DNSP and usage by its retail partner (or other third party), including the initial proposed allocation as a baseline against which actual usage of the assets can be compared</p>	<p>The proposed usage of the batteries is 40 hours per year. However, as the batteries have only recently been commissioned, no actual usage of the batteries have been realised to date.</p>
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### 3. Other matters

On 28 August 2025, the AER wrote to Ausgrid about potential breaches of Rule 6.17.1 of the National Electricity Rules (NER), specifically regarding compliance with the Electricity Distribution Ring-fencing Guideline.

The letter related to possible discrimination or preferential treatment towards PLUS ES over competitors. In particular, the AER indicated they were looking to investigate information they had received about certain alleged conduct by Ausgrid in relation to the installation of community batteries.

Ausgrid considered this request seriously and not only complied with the AER’s request and subsequent investigations, the governance and compliance team also initiated a review into some of its existing business practices against clause 4.1(b) of the Guideline, particularly in relation to competitive engagements.

### 4. Other services

Ausgrid provides a range of other services as permitted under the protection of clause 3.1(d) of the Guideline:

Applicable	Service(s) provided	Details
<p><b>sub clause of 3.1(d)</b></p>		
<p><b>i.</b></p>	<p>Ausgrid provides services to other legal entities (such as telecommunication providers and EV charging network providers) including the rights to use our assets such as:</p> <ul style="list-style-type: none"> <li>• Poles</li> <li>• Dark fibre</li> <li>• Duct</li> <li>• Data backhaul service</li> <li>• Other structural network assets</li> </ul>	<p>The services are provided under licence arrangements and agreements.</p>
<p><b>ii.</b></p>	<p>The following corporate services were provided to PLUS ES:</p> <ul style="list-style-type: none"> <li>• General Administration</li> <li>• General Corporate</li> <li>• Accounting/Finance</li> <li>• Treasury</li> <li>• Human Resources/Payroll</li> <li>• ICT</li> </ul>	<p>Ausgrid provided these services to PLUS ES on an arm’s length basis under the Corporate Services Agreement.</p>

Applicable	Service(s) provided	Details
<b>sub clause of 3.1(d)</b>		
	<ul style="list-style-type: none"> <li>• Legal/Regulatory</li> <li>• Procurement</li> <li>• Fleet</li> <li>• Health, Safety and Environment</li> <li>• Company Secretary and Office of CEO</li> <li>• Audit</li> <li>• Corporate Affairs</li> <li>• Property &amp; Facilities</li> </ul>	

## 5. Summary of transactions with PLUS ES

PLUS ES provides a range of services to Ausgrid under the terms of service agreements:

Transactions	Purpose
Community Batteries Program Services	Specialist design, construction and commissioning services
Electrical and Fibre Services: <ul style="list-style-type: none"> <li>• Ausgrid Fibre Optic Network</li> <li>• External third-Party Fibre Optic Duct Study Request – Facilities Access</li> <li>• Customer Works Associated with Substation Replacement Removal</li> <li>• Safety Standby Services for Customers Accessing Substations</li> <li>• Undergrounding of Service Mains</li> <li>• Subs-Transmission Network Maintenance</li> <li>• Specialist Projects</li> <li>• Facilities Access transactional work</li> <li>• Batteries design and installation</li> <li>• EV Charging design and installation</li> </ul>	Ancillary to its own distribution and transmission services, Ausgrid contracts for certain services to specialised providers.  (Facilities Access transactions include billing of Ausgrid’s customers in Ausgrid’s billing system and the processing of Ausgrid customer applications for new services with dedicated staff)
Testing Services: <ul style="list-style-type: none"> <li>• Electrical Testing Services</li> <li>• Conduct of Tests - Electrical Testing</li> <li>• Test Documentation - Electrical Testing</li> <li>• Record Retention and Ownership - Electrical Testing</li> <li>• Consulting Services - Electrical Testing</li> </ul>	Ancillary to its own distribution and transmission services, Ausgrid contracts for certain services to specialised providers.
Metering Related (Alternative Control Services)	Provide Metering Services to enable the Ausgrid Network to provide Alternate Control Services

Metering Related (Standard Control Services)	Provide Metering and related Services for the Ausgrid Network to enable it to provide Standard Control Services with respect to the Metering Points.
Metering Related (Additional Data)	Provide additional power quality data to enable monitoring of the Ausgrid Network.