

## Ringfencing audit – status of remediation actions

Audit requirement	Remediation actions	Status
<b>Non-compliances</b>		
<b>Responsibilities and compliance</b>		
<p>Have any breaches of the ringfencing rules been reported to the Manager, Network Regulation and Open Access (NROA)?</p>	<p>Amend ringfencing rules to add General Counsel and Company Secretary as an alternative to Manager, NROA:</p> <ul style="list-style-type: none"> <li>• for staff to report breaches to, and</li> <li>• to report breaches to the ERA.</li> </ul> <p>Any staff working or dealing with the provision or receipt of covered network services (including members of the NROA, Business Development and Technical Services teams) will:</p> <ul style="list-style-type: none"> <li>• be reminded of their obligation to report any breaches (including potential or suspected breaches) to the Manager NROA and/or General Counsel and Company Secretary with an emphasis placed on a reporting culture</li> <li>• make an annual attestation confirming compliance with the rules (including reporting any suspected breaches)</li> <li>• undertake ringfencing training every three years</li> <li>• undertake more frequent ringfencing training should it become clear that there is a lack of understanding on the part of a</li> </ul>	<p>On 6 December 2024, proposed revised Ringfencing Rules submitted to the ERA for a determination under section 135 of the Pilbara Networks Access Code 2021</p> <p>Relevant staff reminded of their obligations by email from their relevant EGM by 31 October 2024</p> <p>Ringfencing Declaration updated. It is required to be completed by staff following the ‘refresher’ training referred to below.</p> <p>‘Refresher’ online training module deployed on 12 November 2024. Relevant staff will be required to undertake the training annually.</p>

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	staff member of any aspect of the ringfencing rules.	Process has been documented with the actions that are to occur if there are ongoing ringfencing compliance risks by specific staff and/or teams.
Have any breaches of the ringfencing rules been reported to the Economic Regulation Authority (ERA)?	Refer remediation actions above.	Refer status updates above.
<b>Competition Protection Measures</b>		
Is there any evidence that staff in the Horizon Power Pilbara Network Business are treating that part of the Horizon Power business that provides and markets contestable generation or retail electricity services in the Pilbara region as if they were part of the same legal entity?	Refer remediation actions above.	Refer status updates above.
	In addition, if the technical services team receives a work order number or meetings invite for Pilbara network related work from a source other than from the NROA Team, it will consider whether work is related to the provision of covered network service.	Email issued to staff in the technical services team by their relevant EGM to remind them to consider the source of work from teams other than the NROA Team.  Wording of Ringfencing Declaration in relation to shared service providers reviewed.
	Further, the BD Team will: <ul style="list-style-type: none"> <li>• not provide a work order to NROA until its customer makes payment for the invoice under its Consultancy Agreement</li> <li>• work with the NROA team to align their process to ensure compliance with the ringfencing rules</li> <li>• direct all queries to NROA in the first instance with response times to be agreed by all parties.</li> </ul>	The BD Team has amended its processes.
	Consideration will be given to updating the User Access Guide to confirm that external customers	The decision was made to not update the User Access Guide.

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	and the BD Team should not go direct to technical teams without going through NROA in the first instance.	
Is there any evidence that staff in the Horizon Power Pilbara Network Business are not providing substantially the same quality, reliability and timeliness of service to that part of the Horizon Power business that provides and markets contestable generation or retail electricity services in the Pilbara region and a competitor (or potential competitor) of Horizon Power?	Refer remediation actions above.	Refer status updates above.
Is there any evidence that business development activities associated with the covered Pilbara network are being done by the Commercial and Business Development Division rather than the Network Regulation and Open Access team?	<p>Refer remediation actions above.</p> <p>In addition:</p> <ul style="list-style-type: none"> <li>the ringfencing rules need to be amended to incorporate that the newly created PGL Team (rather than NROA) is undertaking business development activities associated with the Pilbara Green Link (noting that the revised ringfencing rules would need to be resubmitted to the ERA for approval)</li> </ul>	<p>Refer status updates above.</p> <p>Seeking legal advice on definitions and treatment of other business. Projects being undertaken by PTP (which includes PGL) will either be an ‘other business’ or not depending on the relevant circumstances.</p> <p>On 6 December 2024, revisions to the Ringfencing Rules were proposed to the ERA to:</p> <ul style="list-style-type: none"> <li>refer to “other business” more broadly rather than specifically to contestable retail and generation services in the Pilbara region</li> <li>state that business development activities associated with the covered Pilbara network sit with the Pilbara</li> </ul>

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		<p>Network Business, and that this team does not undertake any business development activities associated with an Horizon Power Other Business.</p>
	<ul style="list-style-type: none"> <li>the members of the Pilbara Green Link team should not be involved with any discussions representing Horizon Power’s interest as a potential user of the link (as a retailer, generator or competitive provider of firming capacity)</li> </ul>	<p>The members of the PGL Team will be reminded of this on a 6 monthly basis, with the next reminder due in April 2025.</p>
	<ul style="list-style-type: none"> <li>the members of the Pilbara Green Link Team should provide an undertaking to not provide or market contestable generation or retail electricity services in the Pilbara region for a period of time after working on the Pilbara Green Link project to provide assurance to its competitors (and potential competitors) that any sensitive information obtained cannot be used to Horizon Power’s advantage.</li> </ul>	<p>On reflection, the agreed remediation action may lead to former members of the Pilbara Green Link (PGL) / Pilbara Transmission Planning Team (PTP) Team becoming redundant as they are unable, for a period of time, to subsequently move to an area of Horizon Power that provides or markets contestable generation or retail electricity services in the Pilbara region. Such a restriction does not currently exist for all Relevant Staff.</p> <p>As a result, the members of the PGL / PTP members have instead signed an undertaking not to use any sensitive or confidential information obtained in the course of working in the PGL / PTP Team should they subsequently move out of the PGL / PTP Team to provide or market contestable generation or retail electricity services in the Pilbara region.</p>

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<p>Is the metering team maintaining the metering systems and processes?</p>	<p>The remediation actions are either:</p> <ul style="list-style-type: none"> <li>• the Ringfencing Rules will be amended to account for the specific customer service team being responsible for fixing breakages in the connection between MData 21 and Velocity                             <ul style="list-style-type: none"> <li>○ additional security (small system change) will be added into the system to stop non authorised employees (retail) accessing data for contestable customers (less than 80). This would allow the Customer Service team to continue to support breakages of the system as and when they occur. A new process will be introduced should a break/fix be required on one of the secured contestable customer accounts e.g. providing temporary access (via signed NDA) for the team leader in retail, to investigate &amp;/or resolve the problem; or</li> </ul> </li> <li>• that specific customer service team will no longer have that responsibility and that responsibility will fall fully on the metering team (comprising part of Technology and Digital Transformation Division)                             <ul style="list-style-type: none"> <li>○ a resource will be transferred to the Technology and Digital</li> </ul> </li> </ul>	<p>The decision was made that the customer service team would remain responsible for fixing breakages in the connection between MData 21 and Velocity. On 6 December 2024, the required revisions to the Ringfencing Rules were proposed to the ERA. The proposed revised Ringfencing Rules include a new mitigation measure.</p>

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	Transformation Division to support the metering application.	
To what extent are staff located in the Karratha and Port Hedland offices that provide or market contestable generation or retail electricity services in the Pilbara region located in different parts of the building to those that provide or market covered network services in the Pilbara region?	Staff providing generation or retail electricity services will be relocated to the same area of the building as the Executive General Manager Customer and Community.	Completed.
<b>Minor non-compliance</b>		
<b>Prevention of cross subsidies</b>		
Is the Cost Allocation Methodology (CAM) being maintained?	The CAM is in the process of being updated. Also, a process will be put in place whereby any changes in structure and actual allocation model will be documented in a timely manner.	Completed.
<b>Other issues</b>		
<b>Responsibilities and compliance</b>		
Have all Horizon Power staff been trained on Horizon Power's ringfencing requirements under the Code and the ringfencing rules?	<ul style="list-style-type: none"> <li>• Ensure that the one person who the records indicate has not completed the training has actually completed the training, and update the records accordingly.</li> </ul>	Completed.
	<ul style="list-style-type: none"> <li>• Create a process for following up new starters and others required to do the ringfencing training to ensure it is</li> </ul>	Process documented.

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	completed within a reasonable period of time.	
<b>Competition Protection Measures</b>		
<p>Is there any evidence that the HPCC has dispatched Horizon Power’s generators in a way that is not in accordance with procedures?</p> <p>Is there any evidence that the HPCC has interfered with any generator dispatch other than when required to do so in accordance with the ISO’s direction?</p>	<p>It will be reiterated to the contestable part of the business that the HPCC’s primary objective is to maintain the security of the NWIS, as documented in the Service Agreement. This reiteration of the HPCC’s primary objective is to mitigate any ill- conceived expectation on the part of the contestable part of the business regarding dispatch instructions.</p>	Completed.
<p>Is the information and data shown on monitors in that separate room visible to anyone within the business other than the HPCC?</p>	<p>The small section of HPCC doors not currently frosted will be frosted.</p>	Completed.
<p>To what extent are staff located in the Bentley office that provide or market contestable generation or retail electricity services in the Pilbara region located in a different building to those that provide or market covered network services in the Pilbara region?</p>	<p>The relevant staff will be reminded to be vigilant in terms of:</p> <ul style="list-style-type: none"> <li>• information that is visible on their monitors</li> <li>• information that is left on their desks (emphasising the need to maintain a clean desk)</li> <li>• conversations that are held in and around the office.</li> </ul> <p>An investigation will be made into the use of privacy screens for the monitors of staff providing services for the Pilbara Network Business.</p>	<p>Reminder email issued to relevant staff by their EGM.</p> <p>An investigation revealed that the cost of privacy screens would be around \$75k. The decision was made that the costs were excessive relative to the risk to be mitigated.</p>

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		Company-wide training has been rolled out focusing on staff being mindful of sensitive information on visible screens. This training addresses the non-compliance risk that was identified during the ringfencing audit.
What were the outcomes of audits to ensure that commercially sensitive information is only accessed when authorised to do so?	The identification of issues during audits will be used as a trigger for conducting refresher ringfencing training where relevant.	Process has been documented with the actions that are to occur if there are ongoing ringfencing compliance risks by specific staff and/or teams.