

Ring-fencing Annual Compliance Report

1 January – 31 December 2025



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Overview

For more than 130 years, Endeavour Energy has delivered power that's safe, reliable and affordable. Today, we support 1.2 million customers across Sydney's Greater West, the Blue Mountains, Southern Highlands, Illawarra and the NSW South Coast – communities that rely on us every day.

As an electricity distributor, we design, build and operate a network that transports energy from the high-voltage transmission system to homes and businesses. We're proud to be one of the most efficient distribution businesses in NSW, enabling us to keep energy costs down while maintaining a dependable supply. Serving Australia's third-largest economy – Sydney's Greater West – we expect to connect around 20,000 new customers each year as the region grows by 900,000 people over the next decade. These priority growth areas represent the largest coordinated land release in the state's history.

As the energy landscape evolves, our people are committed to delivering electricity in a safe, sustainable and affordable way, while embracing innovation to meet the cleaner energy needs of tomorrow. We're leveraging technology and data to plan the grid of the future – where batteries, microgrids and solar integrate seamlessly with traditional infrastructure to power homes and businesses for a brighter, smarter future.

Our vision is clear: to lead the way with smarter energy solutions that power communities for an even brighter future. We're moving from a traditional poles-and-wires model to a customer-centred distributed system operator, enabling energy to flow in two directions and giving customers more choice and control. Through smart meters, batteries and solar, customers can generate, store and share electricity as we transition to a clean energy future.

Acknowledgement of Country

Endeavour Energy acknowledges the traditional custodians of Country where we work – the people of the Dharug, Wiradjuri, Dharawal, Gundungarra and Yuin nations – and recognises their continuing connection to Country, cultures and community.

This document is Endeavour Energy's annual compliance report under the Australian Energy Regulator's (AER) Electricity Distribution Ring-fencing Guideline (Version 4) for the period 1 January to 31 December 2025. It demonstrates our continued commitment to meeting all obligations under the Guideline and maintaining the integrity of our operations.

Throughout the reporting period, we strengthened internal processes and built capability to support compliance in a rapidly changing energy environment. Our approach reflects a culture of continuous improvement, ensuring robust governance and transparency as we deliver smarter, cleaner energy solutions.

This report outlines each ring-fencing obligation and the measures we have in place to comply. By adhering to the Guideline, we foster confidence in competitive markets, provide clarity within the sector and ensure a level playing field for all energy service providers. Our commitment to transparency and accountability underpins public trust and reinforces our role as a responsible, customer-focused network operator.

Compliance Statement

Endeavour Energy confirms that it has complied with the Guideline for the reporting period.



Annual Compliance Report Overview

Clause 6.2.1(b) of the Guideline sets out those matters that Endeavour Energy is required to include in this report to demonstrate compliance with the Guideline. Specifically, the compliance report must identify and describe, in respect of the period to which the report relates:

- i. the measures the Distribution Network Service Provider (DNSP) has taken to ensure compliance with its obligations under this Guideline;
- ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP;
- iii. all other services provided by the DNSP in accordance with clause 3.1; and
- iv. the purpose of all transactions between the DNSP and an affiliated entity.

This report must also be accompanied by an assessment of compliance with each provision of the Guideline by a suitably qualified independent authority.

This report may be made public by the AER and has been prepared with the expectation that such disclosure will occur.

The Ring-fencing Guideline

Clause 6.17.1 of the National Electricity Rules (**NER**) requires all DNSPs to comply with the Guideline published by the AER.

The AER published version 4 of the Electricity Distribution Ring-fencing Guideline in February 2025, and as set out in the AER's Guideline, the objective is to:

- promote the National Electricity Objective by providing for the accounting and functional separation of the provision of direct control services by DNSPs from the provision of other services by them, or by their affiliated entities; and
- promote competition in the provision of electricity services.

The Guideline imposes obligations on DNSPs targeted at, among other things:

- cross-subsidisation, with provisions that aim to prevent a DNSP from providing other services that could be cross-subsidised by its distribution services; and
- discrimination, with provisions that aim to:
 - prevent a DNSP conferring a competitive advantage on its related electricity service providers that provide contestable electricity services; and
 - ensure a DNSP handles ring-fenced information appropriately.



This report

Endeavour Energy is required to submit this report and accompanying compliance assessment for the reporting period to the AER by 30 April 2026.

OUR APPROACH

A FOUNDATION FOR RESPONSIBLE AND SUSTAINABLE GROWTH

Responsive

Through timely, transparent communication and collaborative engagement, we build trust and operational excellence, ensuring efficiency and shared success across all stakeholders.

Informative

Providing clear, actionable insights that empower informed decisions, we champion knowledge-sharing and transparency to strengthen understanding and collaboration.

Collaborative

Fostering open dialogue, shared ideas, and mutual support, we create an inclusive environment where diverse perspectives drive innovation and deliver collective achievements.

Proactive

Anticipating and addressing challenges before they emerge, we stay ahead of regulatory changes and compliance obligations to ensure timely action, minimise risks, and uphold the highest standards.



Endeavour Energy advances integrity and accountability through a strong, future-ready approach aligned with the AER's ring-fencing requirements. By safeguarding consumer interests and promoting fair competition, we create the foundations for sustainable growth and innovation – delivering confidence and value for all stakeholders.



2025

Annual Compliance Report

Achieving compliance

A summary of how Endeavour Energy's compliance measures align to, and address, each obligation of the Guideline is outlined on pages 9 and 10 of this report.

REGISTER UPDATES

Quarterly register updates provide clear visibility and accountability, reinforcing stakeholder confidence and enabling continuous improvement across our operations. See page 11.

ASSURANCE REVIEW

Through assurance reviews, we work collectively to address findings and turn opportunities into actions that reinforce trust and shared success. See page 11.

WAIVER REPORTING

We continue to monitor compliance with the terms and conditions of each waiver through clear, structured processes. See page 12.

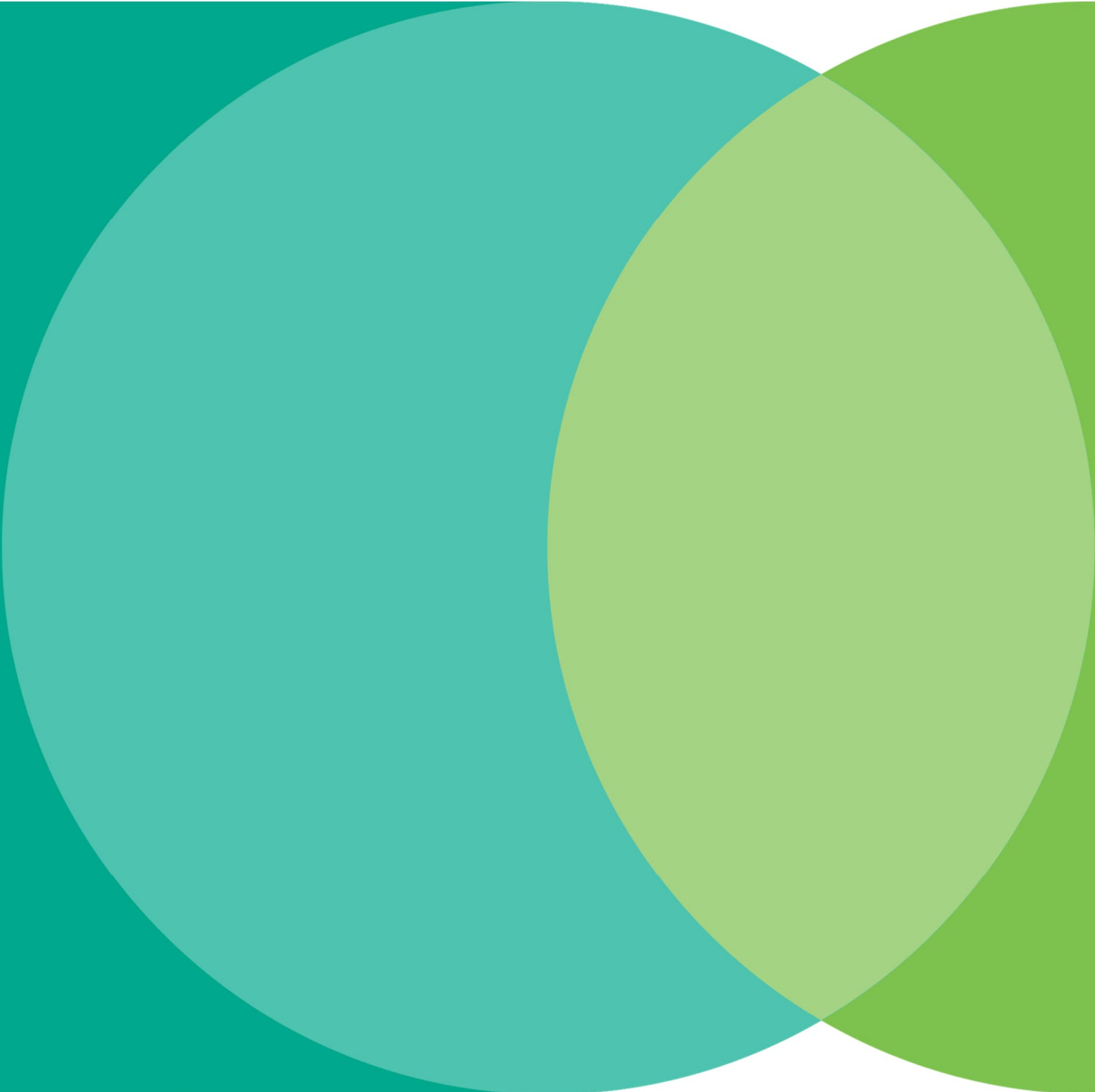
COMPLIANCE MEASURES

Our established controls underpin clear processes, clarify roles and responsibilities, and minimise organisational risk. Operating quietly in the background, they safeguard integrity, support consistent decision-making and provide confidence to stakeholders, helping to foster a fair and competitive market built on trust and collaboration. See page 21.



Section 1

Compliance with the Guideline



Endeavour Energy's ring-fencing compliance is supported by clear frameworks, informed decision-making and a strong culture of awareness

Achieving compliance

Governance and accountability

Endeavour Energy's risk management and compliance framework is overseen by the Board Audit, Finance and Risk Committee, with independent assurance over governance and compliance effectiveness provided by Internal Audit. This ensures ring-fencing obligations are subject to appropriate scrutiny, challenge and escalation at both Executive and Board levels.

Compliance is delivered through a layered operating model, supported by enterprise-wide risk identification and governance reporting managed by our corporate Risk and Assurance team, and translated into workplace instructions and reporting processes by teams with functional accountability.

Each ring-fencing obligation is clearly mapped to the responsible business function and accountable Executive Leadership Team member. This mapping underpins Endeavour Energy's ring-fencing compliance framework, ensuring that controls, monitoring activities and assurance processes are aligned and supported by clearly defined ownership and accountability. Ring-fencing compliance is centrally coordinated, monitored and reported by our Regulatory Assurance team.

Ring-fencing compliance framework

Endeavour Energy's ring-fencing compliance framework comprises a suite of measures designed to ensure ring-fencing obligations are understood, implemented and maintained across the business. These identified measures enable ongoing monitoring of compliance and provide assurance that ring-fencing obligations are embedded in day-to-day operations.



The Ring-fencing Compliance Measures Matrix documents the measures that collectively make up our ring-fencing compliance framework, with each measure aligned to one or more obligations under the Guideline. The matrix comprises:

- **Process and policy measures**, which provide clear guidance and instruction to business units undertaking activities to which the Guideline applies;
- **Contractual and financial measures**, which establish governance around the nature of interactions and services between Endeavour Energy and Ausconnex, including how services are charged and costed; and
- **Regulatory and reporting measures**, which support adherence with the Guideline.

A summary of how Endeavour Energy's compliance measures align to, and address, each obligation of the Guideline is outlined on pages 9 and 10 of this report.

Monitoring, reporting and assurance

Regulatory Assurance reports on compliance-related matters, including ring-fencing, to our Executive Leadership Team and Board Regulatory Committee, providing visibility and oversight of compliance performance and emerging issues.

Ring-fencing monitoring, reporting and assurance are supported by a structured reporting framework that sets clear expectations for how compliance is monitored and reported. This framework provides for timely notification of compliance breaches to the AER, delivery of the annual compliance reporting cycle, and the review and publication of the required ring-fencing registers, ensuring consistency and transparency in how compliance obligations are managed and demonstrated.

Endeavour Energy's Core Values

At Endeavour Energy, our values are behind everything we do. They include:



Engagement and compliance oversight

Endeavour Energy promotes a proactive compliance culture by providing multiple avenues for engagement on ring-fencing obligations. These avenues support timely clarification of ring-fencing requirements and expectations, as well as early escalation of potential issues, helping to ensure obligations are well understood and consistently applied across the business.

Engagement is supported through the following avenues:



Contacting the Regulatory Assurance team via telephone or MS Teams



Emailing the Regulatory Assurance team directly via ringfencing@endeavourenergy.com.au



Meeting with the Regulatory Assurance team face-to-face



Conducting an annual attestation with key stakeholders



Annual assessment of compliance by a suitability qualified independent authority

Endeavour Energy has established a structured assessment process for investigating potential breaches of the Guideline. Matters raised through the reporting avenues, along with issues identified through monitoring and assurance activities, are investigated using this process to determine whether a breach has occurred and to identify required corrective actions. Where a breach is confirmed, remediation is undertaken and notification to the AER is made in accordance with the Guideline. No breaches of the Guideline were identified through this assessment process during the reporting period.

Education and awareness

Ring-fencing education and awareness form a key part of Endeavour Energy's approach to supporting sustained compliance with the Guideline.

During the reporting period, we commenced a refresh of our ring-fencing education and awareness program, with the new program scheduled to launch in 2026. The program, *Ring-fencing Foundations & Beyond*, is designed to strengthen consistency, engagement and practical application of ring-fencing obligations and comprises two complementary components: a mandatory onboarding module for new starters and an ongoing education and awareness series for all permanent staff. This refreshed approach reflects stakeholder feedback on preferred training delivery methods, ensuring materials are fit-for-purpose and outcomes-focused.

Ring-fencing Foundations

Ring-fencing Foundations is Endeavour Energy's refreshed mandatory onboarding module for all new starters and will form part of our corporate onboarding curriculum. The module will introduce new staff to the purpose of the Guideline and its role in supporting a fair and competitive electricity market.

It also provides a structured introduction to key ring-fencing obligations, including requirements relating to staff and physical separation, information access and disclosure, and branding and cross-promotion. The focus is on building foundational knowledge and awareness of ring-fencing obligations and supporting new starters to understand how they apply in practice.

Ring-fencing Series

The *Ring-fencing Series* is Endeavour Energy's refreshed approach to ongoing ring-fencing education and awareness, designed to complement and extend on the foundational onboarding module. The series focuses on building deeper understanding of ring-fencing obligations through engaging, scenario-based learning delivered via short, animated clips. Content will be tailored for both new starters and experienced staff, supporting sustained awareness of compliance expectations across the business.

The series will be delivered through an omni-channel approach, ensuring content is easily accessible across multiple internal platforms.

ACHIEVING COMPLIANCE



LEGAL SEPARATION

Endeavour Energy is a **DNSP** and a legal entity.

Legal separation continues to be achieved through the existence of Endeavour Energy's related electricity service provider (**RESP**), Ausconnex.

Endeavour Energy (Network Operating Partnership) is **legally separated** from Ausconnex (Network Unregulated Partnership).

Endeavour Energy and Ausconnex have **separate Australian Business Numbers** (ABNs).

Contractual arrangements in relation to corporate services and asset sharing are formally defined in a Business Support Agreement between the two entities.



COST ALLOCATION

Endeavour Energy allocates costs to distribution services in a manner that is consistent with the Cost Allocation principles and the **Cost Allocation Methodology** approved by the AER.

Appropriate records are maintained to comply with clauses 3.2.2 (a) and (b) of the Guideline.

"Accounting for Ausconnex Fundamentals", an internal accounting procedure, is reviewed on an annual basis to **demonstrate the extent and nature of transactions** between Endeavour Energy and Ausconnex.

Endeavour Energy's **financial data is audited annually** and provided to the AER via the **Annual Information Order** process.



INFORMATION ACCESS AND DISCLOSURE

Endeavour Energy's Information Sharing Protocol and Approach outlines the **guiding principles** for providing equal access to electricity information. The **Information Sharing Protocol and Approach** is published on our website.

The process for the management of electricity information requests from internal and external parties is documented in a **company procedure**. The **Information Sharing Register** is reviewed and updated on a quarterly basis.

Endeavour Energy and Ausconnex operate under **separate domains with tailored Standard Operating Environments** ensuring **all software, hardware and network configurations are distinct** from one another. This segregation enhances security, operational efficiency and regulatory compliance.



STAND-ALONE POWER SYSTEMS

There are currently **no Regulated Stand-Alone Power Systems** (SAPS) on the Endeavour Energy network.

Endeavour Energy acknowledges that it would be considered a **Category 3 DNSP** under the Guideline. Should a Regulated SAPS be installed, Endeavour Energy will ensure appropriate cost allocation measures are in place for SAPS generation services.

Compliance with the requirements of the Guideline continues to be monitored through the quarterly review and update of the **Regulated Stand-Alone Power Systems (SAPS) Reporting Register**.

ACHIEVING COMPLIANCE



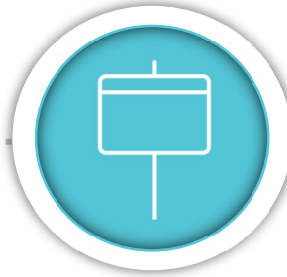
STAFF SHARING

Endeavour Energy's **Staff Segment Definitions** assist with the classification of positions according to the nature of services being provided, access to information and the ability for staff to discriminate within the context of their role.

A clearly defined process for reviewing and updating the **Staff Sharing Register** quarterly has been documented to ensure the key requirements of the Guideline are addressed.

People and Culture processes are clearly defined and documented for all onboarding requirements and staff transfers between Endeavour Energy and Ausconnex.

Endeavour Energy's **eLearning module** reinforces to all staff the importance of consulting the Staff Sharing Register.



BRANDING AND CROSS-PROMOTION

Endeavour Energy and Ausconnex continue to maintain **separate and distinct branding** with independent advertising, communication, and promotional materials. Both entities maintain separate corporate websites and social media channels.

Each staff member is tasked with the **responsibility** of ensuring worksite signage, uniforms, vehicles, plant and equipment are branded correctly.

Endeavour Energy's **eLearning module** emphasises to staff the importance of not promoting the two brands together. Our **Social Media Factsheet** provides practical guidance to enable staff to navigate social media advertising and promotion in an effective and compliant manner.



CONDUCT OF SERVICE PROVIDERS

All Endeavour Energy's Standard Commercial templates and Purchase Order terms include the **Conduct for Service Providers clause**.

Endeavour Energy's Supply Chain team have **established a framework** to support the negotiation process and provide a consistent corporate response to the application of the Conduct for Service Providers clause across our procurement and purchasing-related activities.

Any proposed deviations to our Standard Commercial templates **require approval** from Endeavour Energy's Legal team.



PHYSICAL SEPARATION

Ausconnex staff remain **physically separated** from Endeavour Energy staff who undertake direct control services and have access to electricity information.

Ausconnex has premises located at Glendenning and Hoxton Park. Endeavour Energy operates a Central Logistics Facility function at Glendenning. The Endeavour Energy staff that are co-located with Ausconnex, within the office space, do not have access to electricity information. A **licence** is in place between the two entities for the lease of office and workshop space at Glendenning and Hoxton Park.

The **Office Sharing Register** continues to be reviewed and updated quarterly.

Compliance Reporting

Registers

Endeavour Energy continued to maintain registers relating to Staff Sharing, Office Sharing, Information Sharing, Regulated Stand-alone Power Systems (SAPS) and Waivers during the reporting period.

In accordance with the requirements of the Guideline, these registers were published on a quarterly basis on our website.

Information Sharing Protocol

Endeavour Energy's Information Sharing Protocol and Approach outlines the framework for managing access to ring-fenced information. Our protocol supports a transparent and non-discriminatory approach to information sharing arrangements in line with the Guideline's requirements.

A copy of the Information Sharing Protocol and Approach is available on our website.

Opportunities for Improvement

Endeavour Energy submitted its Ring-fencing Annual Compliance Report, for the period 1 January to 31 December 2024, to the AER on 17 April 2025. The report was accompanied by an independent assessment undertaken by Ernst & Young, which confirmed that Endeavour Energy was, in all material respects, compliant with the Guideline for the reporting period.

As part of the independent assessment, Ernst & Young identified seven opportunities for improvement aimed at further strengthening our compliance with the Guideline. Endeavour Energy has taken steps to address each of the opportunities for improvement, as outlined:

Opportunity 1: Review of cost allocation

Status: In progress

The underlying estimates associated with cost allocators are being assessed to confirm alignment between costs allocated and actual costs incurred. This review is scheduled to be completed by 30 September 2026.

Opportunity 2: Review of corporate recharge

Status: Complete

The timing of the review and approval of the corporate recharge memorandum was adjusted to align with financial year end. The memorandum for the period 1 July 2025 to 30 June 2026 was prepared and approved by 30 June 2025.

Opportunity 3: Cost Allocation Methodology

Status: Complete

Endeavour Energy's updated Cost Allocation Methodology (CAM) was approved by the AER on 17 March 2025. Following receipt of the AER's approval on 10 September 2025, the updated CAM was published on our website.

Opportunity 4: Field Service Centre (FSC) access

Status: Complete

Access arrangements at the Hoxton Park FSC were reviewed during the reporting period. Access by Ausconnex was confirmed to be minimal and limited to use of shared amenities, with no access for the purpose of providing contestable electricity services.

Opportunity 5: Visitor registration

Status: In progress

A separate instance of Endeavour Energy's visitor registration system has been created and uniquely branded for Ausconnex locations. The system upgrade has been installed, and user access configuration is in the process of being finalised. This system enhancement is scheduled to be completed by 31 May 2026.

Opportunity 6: Branding of assets

Status: Complete

The use of Endeavour Energy branding on cable drums was reviewed. The branding is used for the identification of asset ownership and is not a form of advertisement. Cable drums are reused, rather than disposed of, to avoid the cost associated with purchasing new drums each time cable is procured. This approach also aligns with our sustainability strategy to reduce waste and extend asset use.

Opportunity 7: Publication of registers

Status: Complete

Additional verification checks were implemented to confirm that registers uploaded to Endeavour Energy's website each quarter are successfully published and that the most current versions are publicly available.



Waivers

Endeavour Energy's Waiver Register is updated on a quarterly basis and published on the corporate website in accordance with clause 5.7(a) of the Guideline. The register includes a description of the conduct to which each waiver applies, and the terms and conditions of the waiver as set by the AER¹.

This section the report outlines our compliance with the terms and conditions of the waivers that are subject to reporting under this annual compliance report. The reporting period covered is 1 July 2024 to 30 June 2025.

Community Batteries for Household Solar Program

Background

The Community Batteries for Household Solar Program (CBHSP) allows eligible DNSPs to apply for funding to cover capital costs for 400 new community batteries on low voltage networks across Australia.

Due to concerns regarding the potential for cross-subsidisation, discrimination and subsequent impacts on competition on the market for battery services, the Guideline restricts DNSPs from leasing energy storage devices to another legal entity without a ring-fencing waiver from the AER.

This class waiver was granted on 3 February 2023 and expires on 30 June 2041 and is subject to the terms and conditions published by the AER.



Image: Bidwill Community Battery
Artwork by Indigenous Artist, Danny Eastwood

Battery installation

Endeavour Energy installed 44 batteries in FY25 under six project agreements established through the CBHSP and administered by the Department of Climate Change, Energy, Environment and Water (DCCEEW).

Contractual information

On 19 May 2025, Endeavour Energy executed a Tolling Agreement with a commercial partner, covering the operation of all 44 batteries installed during the reporting period. Information concerning the contractual relationship was provided to the AER via email on 11 July 2025.

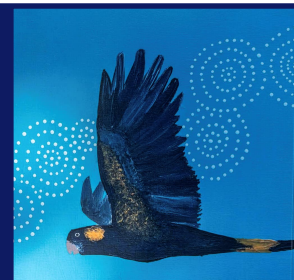
Reporting

Endeavour Energy's Waiver Reporting Summary, provided at Appendix C, provides information relating to each project agreement, and the batteries installed as part of those projects during the reporting period.

As the batteries did not commence operation during FY25, the report attributes no operational benefits to the 44 batteries.

Creating a lasting connection

Endeavour Energy is pleased to be able to create accessible opportunities for the community to further understand and appreciate local culture by blending art with electricity infrastructure. By partnering with local councils and artists, we have created visual landmarks that reflect the culture, stories and spirit of the region. Our batteries and other assets provide a spectacular canvas for public art featuring works of local artists for their community. To learn more about the artworks featured on our community batteries, visit our website.



¹ Endeavour Energy's waivers and the AER's decision, inclusive of reporting requirements, are published on the AER's website.

Community Battery Trial Program

Background

Endeavour Energy applied to the AER for a ring-fencing waiver from clause 3.1 of the Guideline, on two separate occasions, to conduct a community battery trial. The waivers granted by the AER permit Endeavour Energy to lease a total of ten battery energy storage systems (BESS) across its distribution network.

The first waiver, covering the leasing of three BESS (Tranche 1), was granted on 13 February 2023. The second waiver, covering the leasing of seven additional BESS (Tranche 2), was granted on 25 March 2024.

The primary purpose of the BESS is to provide network support services, including peak shaving and voltage support, when required by Endeavour Energy. At other times, the batteries are available to provide services in the National Electricity Market (NEM), including participation in wholesale market activities.

The waivers were granted on the basis that the BESS assets and associated costs are subject to reporting by Endeavour Energy to the AER.

Both waivers will expire on 31 December 2037 and are subject to the terms and conditions published by the AER.

Contractual information

The Trial Umbrella Agreement, between Endeavour Energy and its Retail Partner, was executed on 6 July 2023 and information concerning the contractual relationship provided to the AER via email on 17 July 2023. There were no changes made to the contract arrangement during the reporting period.



Image: Blair Athol Battery Energy Storage System
Artwork by Indigenous Artist, Jenny Shillingsworth

FY25 Program Activity

Tranche 1

As reported in Endeavour Energy's 2024 Annual Ring-fencing Compliance Report, all three units under Tranche 1 experienced significant and persistent technical faults that rendered them non-operational, requiring replacement in order for the trial to proceed.

Endeavour Energy proceeded to upgrade all three batteries, replacing the original units with 40 kW, 100 kWh BESS (Pixii PowerShaper2). All three units were successfully installed and commissioned towards the end of FY25.

Tranche 2

The first unit under Tranche 2 was commissioned in FY24 and has continued to operate without issue.

Throughout FY25, Endeavour Energy continued with the installation of the six remaining BESS covered under the second waiver with three of the units successfully commissioned and operational during the reporting period.

The other three BESS, whilst installed, were not commissioned due to technical faults. The supplier of these units has been engaged to provide support and defect rectification services. Endeavour Energy intends to proceed with commissioning these remaining units during FY26.



Image: Bowral Battery Energy Storage System
Artwork by Indigenous Artist, Dashanti Carr

Reporting

The Waiver Reporting Summary, provided at Appendix C, sets out information relating the Endeavour Energy's Community Battery Program, including the total quantified benefit derived and a comparison of use by volume and frequency.

Program Information Sharing

Information on Endeavour Energy's Community Battery Trial Program is publicly available on our website. This includes details on battery locations and guidance on how eligible customers can access the batteries through Endeavour Energy's retail partner. For information on our Community Battery Trial Program, Stakeholders can contact Tom Bakker, Head of Future Networks and Markets via thomas.bakker@endeavourenergy.com.au.

In addition to publishing program-specific information, we participated in external stakeholder and industry forums during the reporting period to support information sharing and engagement on the Community Battery Trial Program:

NSW Rural Fire Service Briefing

Endeavour Energy held a briefing with key NSW Rural Fire Service stakeholders on 19 August 2025. The briefing provided information on the low voltage battery systems deployed under the Community Battery Trial Program, including battery capacity, chemistry and fire suppression arrangements. It also included a high-level map of battery locations and an overview of Endeavour Energy's Fault and Emergency Response Plan for managing major incidents involving low voltage batteries.

Innovation in Energy Waste & the Circular Economy Conference

Endeavour Energy presented at the Innovation in Energy Waste and the Circular Economy Conference on 11 September 2025. The session provided an overview of the Community Battery Trial Program, including the role of low voltage batteries in supporting the evolving distribution network, the types of batteries being installed, and their capacity and chemistry.

The presentation outlined how community batteries are being used to improve solar hosting capacity, manage voltage and support peak demand, and shared early observations from operational sites. It also described the criteria used to select trial locations, with a focus on areas with high rooftop solar penetration and network constraints, and highlighted the importance of retailer partnerships, tariff innovation and supporting systems to enable customer participation and deliver broader community benefits.

New ring-fencing waiver

Endeavour Energy applied to the AER for a ring-fencing waiver from clauses 3.1 and 4.2 of the Guideline to enable training services to be provided to Evoenergy.

The waiver was granted on 15 September 2025 and allows Endeavour Energy to deliver Certificate III in Electricity Supply Industry (Distribution Overhead) training to Evoenergy staff using our existing Registered Training Organisation (RTO) facilities and accreditation.

As a condition of approval, Endeavour Energy must periodically provide the AER, in writing, with details of the number of Evoenergy staff trained under the arrangement and the total number of training hours delivered.

This waiver expires on 30 June 2029.

Expired ring-fencing waiver

On 14 December 2022, the AER granted a class waiver under the Guideline to DNSPs. The class waiver allowed DNSPs to contract with the Australian Energy Market Operator (AEMO) to provide Reliability and Emergency Reserve Trader (RERT) services via voltage management.

On 31 January 2025, the AER decided to let the RERT class waiver lapse. This waiver expired on 15 April 2025.



Section 2

Breaches of the Ring-fencing Guideline

Breaches of the Ring-fencing Guideline

Endeavour Energy must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under the Guideline, except for a breach of clause 6.2.2 or 6.3.

Breaches Reported – 1 January to 31 December 2025

During the independent assessment of Endeavour Energy's Annual Compliance Report for 1 January to 31 December 2024, one breach was identified by the independent assessor and reported to the AER during the reporting period. This breach is listed below:

Obligation	Summary of breach notified to the AER
Office and staff registers – No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). Clause 4.2.4(b)	The Staff Sharing Register, for the period 1 October to 31 December 2024, was not published on Endeavour Energy's website by 15 January 2025 due to an unforeseen technical issue. Notification of this breach was provided to the AER on 10 April 2025.

Breaches Reported – 1 January to 17 April 2026²

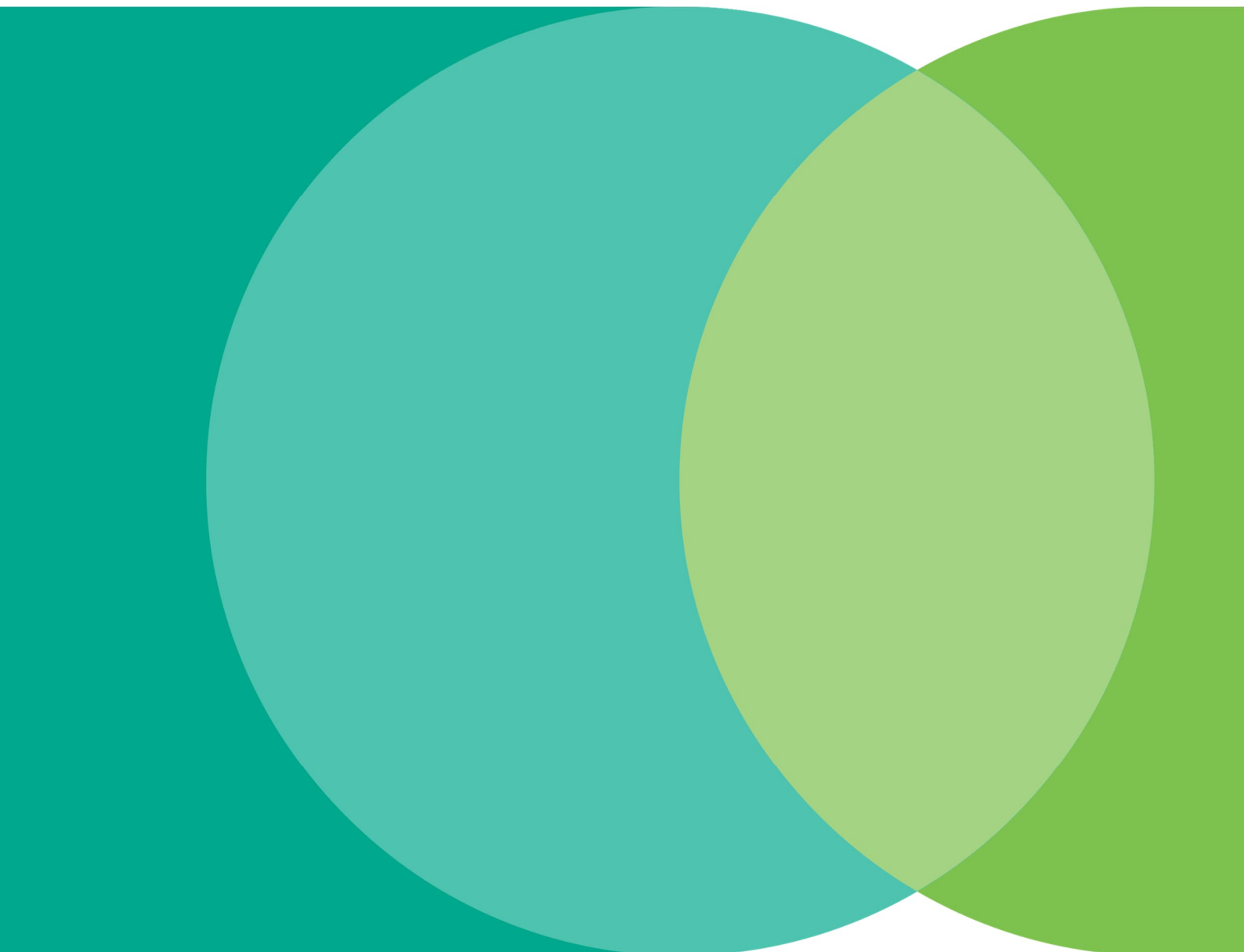
During the independent assessment of Endeavour Energy's Annual Compliance Report for 1 January to 31 December 2025, one breach was identified by the independent assessor and reported to the AER. This breach is listed below:

Obligation	Summary of breach notified to the AER
Waiver register – a DNSP must publish, on its website, an updated register of all waivers granted to the DNSP by the AER under clause 5 of the Guideline. Clause 5.7	The Waiver Register, for the period 1 July to 30 September 2025, was not updated to include the waiver approved by the AER on 15 September 2025 due to an inadvertent omission. Notification of this breach was provided to the AER on 10 April 2026.

² Breach identified and reported to the AER during the independent assessment period.

Section 3

Other services provided by the DNSP



Other services provided by the DNSP

Clause 6.2.1(b)(iii) of the Guideline requires Endeavour Energy to identify and describe all other services³ provided in accordance with clause 3.1 during the period 1 January to 31 December 2025.

During the period, Endeavour Energy continued to provide other services, being those directly addressed by clause 3.1(d)(i) of the Guideline, and captured by the operation of the Shared Asset Guideline. Specifically, we provided access to land and electrical infrastructure to other service providers, notably telecommunications companies, for a rental fee.

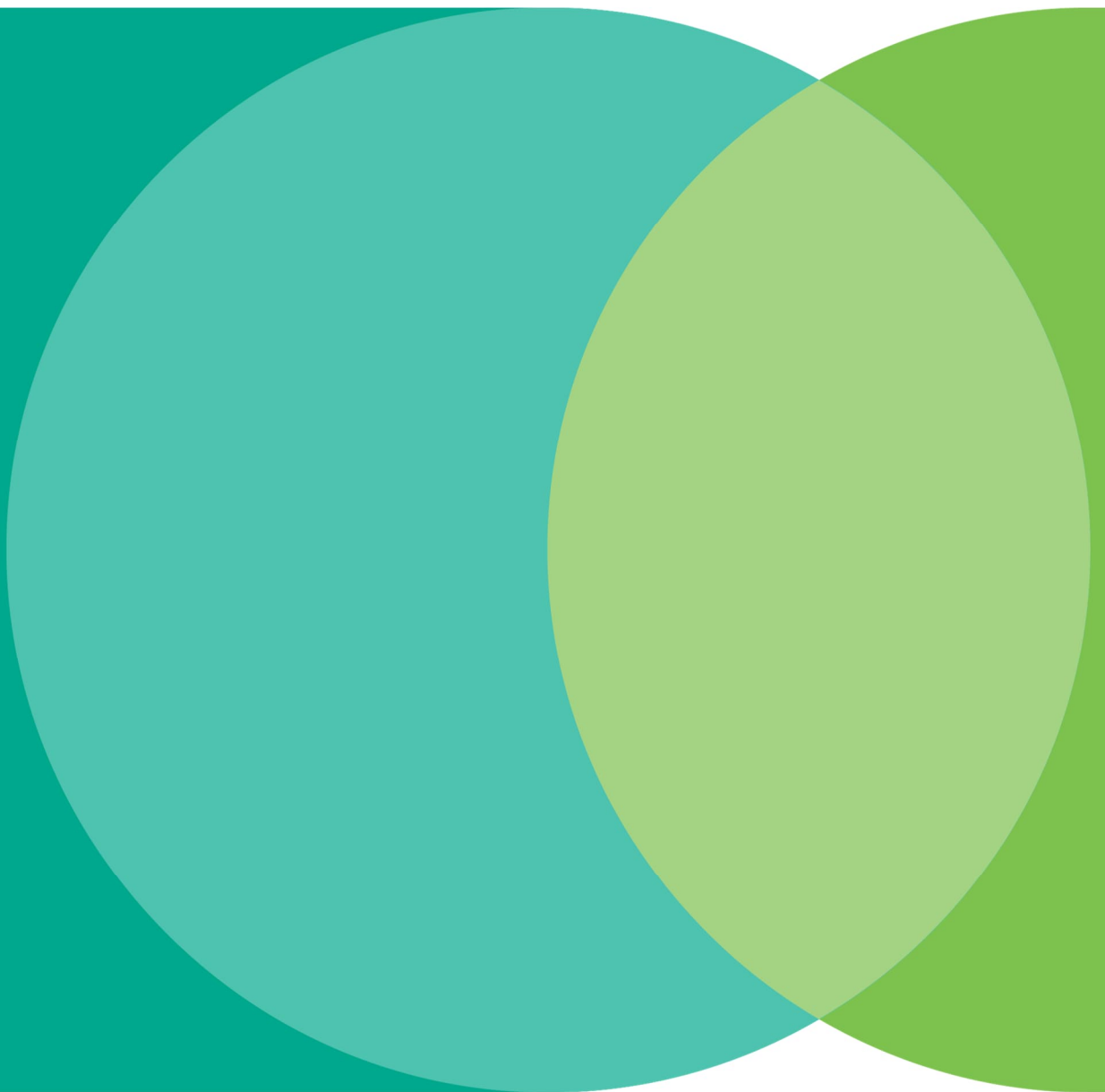
Additionally, Endeavour Energy provided other services pursuant to the waivers that were in effect during the reporting period, as set out in the table below.

Other services provided	Obligations waived
<p>Reliability and Emergency Reserve Trader This waiver allowed Endeavour Energy to contract with the Australian Energy Market Operator (AEMO) to provide efficient and low-cost reserve services via voltage management. This waiver expired on 15 April 2025.</p>	4.2 Offices, staff, branding and promotions
<p>Community Batteries for Household Solar Program This waiver allows Endeavour Energy, as an eligible program participant, to apply for funding to cover capital costs for new community batteries on the network. This waiver expires on 30 June 2041.</p>	3.1 Legal separation 4.2.1 Physical separation/co-location 4.2.2 Staff Sharing
<p>Community Battery Trial This waiver allows Endeavour Energy to undertake a trial of three batteries, including leasing part of the capacity of these batteries to a third-party for participation in wholesale energy arbitrage, ancillary services, and other emerging markets. This waiver expires on 31 December 2037.</p>	3.1 Legal separation
<p>Community Battery Trial This waiver allows Endeavour Energy to undertake a trial of seven batteries, including leasing part of the capacity of these batteries to a third-party for participation in wholesale energy arbitrage, ancillary services, and other emerging markets. This waiver expires on 31 December 2037.</p>	3.1 Legal separation
<p>Training Services This waiver allows Endeavour Energy to deliver training to Evoenergy staff for Certificate III in Electricity Supply Industry (ESI) – Distribution Overhead. This waiver expires on 30 June 2029.</p>	3.1 Legal separation 4.2 Offices, staff, branding and promotions

³ "Other services" means services other than transmission or distribution services as defined by the AER's Electricity Distribution Ring-fencing Guideline (version 4).

Section 4

Transactions between the DNSP and RESP



Transactions between the DNSP and RESP

Clause 6.2.1(b)(iv) requires that Endeavour Energy (as DNSP) disclose the purpose of all transactions with its RESP, Ausconnex⁴. The table below outlines the transactions with Ausconnex categorised by purpose and nature.

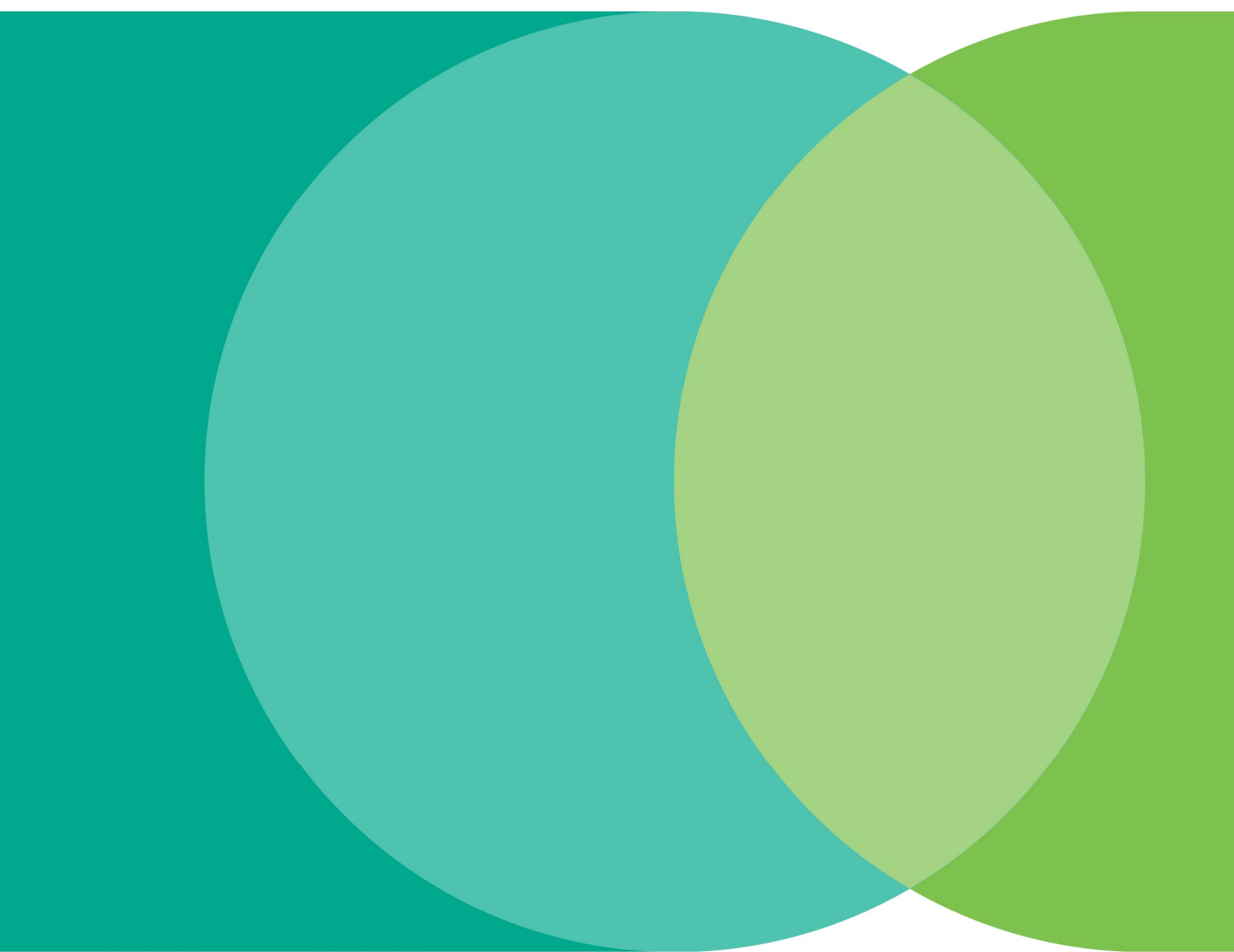
Due to the types of services undertaken by Ausconnex and the corporate services provided by Endeavour Energy, the transactions listed are exclusive payments to Endeavour Energy for services provided to Ausconnex.

Purpose of Transaction between Endeavour Energy and Ausconnex	Nature and Status of Transaction
Rental of office space from Endeavour Energy	<p>Ausconnex rents office space on land owned by Endeavour Energy. Ausconnex is charged based on the size of the area they rent and is an ongoing arrangement.</p> <p>The office and workshop occupied at Hoxton Park is physically separated from Endeavour Energy office areas.</p> <p>The office occupied at Glendenning is shared with Endeavour Energy's Central Logistics Function with appropriate controls in place for physical separation</p>
Option to Lease documentation for excess land from Endeavour Energy	<p>Ausconnex has entered an Option to Lease Agreement with Endeavour Energy for the right to exercise an option for the lease of land owned by Endeavour Energy. This option is for 12 x parcels of unused land adjacent to existing Endeavour Energy Infrastructure.</p> <p>This option is valid for a 3-year period and an annual option fee is payable from Ausconnex to Endeavour Energy. This fee has been determined by an independent third-party valuation.</p>
Provision of direct labour, materials, sub-contractor and other costs, including equipment/instrument usage	<p>Endeavour Energy provides services to Ausconnex which includes use of staff (either partly or wholly allocated to Ausconnex), materials and sub-contractors used on Ausconnex projects and any incidental costs. Costs of these services are on-charged to Ausconnex, as well as costs associated with equipment and/or instrument usage.</p>
Provision of corporate services	<p>Endeavour Energy provides corporate services to Ausconnex which includes IT equipment, infrastructure and support, accounting, legal support, insurance, corporate communications and logistics. These costs are charged monthly to Ausconnex based on the estimated amount of work that Endeavour Energy corporate functions undertake as well as what is reasonable for a business the size of Ausconnex.</p>
Provision of management resources	<p>Endeavour Energy provides management/administrative staff to Ausconnex on a full-time basis. The cost of these people is on-charged to Ausconnex.</p>
Provision of direct labour, materials, sub-contractor and other costs	<p>Endeavour Energy provides Network Ancillary Services. These are non-routine services distributors provide to individual customers on an 'as needs' basis. These costs are charged directly to Ausconnex as they are incurred.</p>
Provision of fleet services	<p>Endeavour Energy provides fleet services to Ausconnex which includes lease/rent charges for fleet vehicles solely for Ausconnex use. Associated costs including Tolls, Fuel, and Registration etc are on-charged to Ausconnex.</p>

⁴ Formally, this is the Network Unregulated Partnership trading as Ausconnex.

Appendix A

Ring-fencing Compliance Measures



Appendix A: Ring-fencing Compliance Measures

The table below outlines the compliance measures that support Endeavour Energy in monitoring and maintaining compliance with the Guideline. Each measure is mapped to relevant obligations within the Guideline to ensure appropriate coverage.

Ref	Compliance Control	Ring-fencing Guideline Clauses
RF.0.001	Education and awareness is provided to staff to enhance their understanding and compliance with the Guideline.	3.1(a), 3.1(b), 3.2.1(a) 3.2.2, 4.1, 4.2.1(a), 4.2.2(a), 4.2.2(c), 4.2.3(a), 4.2.4(a), 4.2.4(b), 4.3.1, 4.3.2, 4.3.3, 4.3.4, 4.4.1, 5.7, 6.1, 6.2.1, 6.2.2, 6.2.3, 6.3
RF.0.002	Company Procedure GRG0013 outlines compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline.	4.2.4(a), 4.2.4(b), 4.3.4, 5.7, 6.1, 6.2.1, 6.2.2, 6.2.3, 6.3

Legal Separation

Ref	Compliance Control	Ring-fencing Guideline Clauses
RF.3.001	Endeavour Energy maintains an Australian Business Number (ABN).	3.1(a)
RF.3.002	Endeavour Energy's Distribution Licence under the Electricity Supply Act 1995 (NSW) is current.	3.1(b)
RF.3.003	A clearly defined Legal Entity Structure for the Endeavour Energy Group is maintained.	3.1(a)

Establish and Maintain Accounts

Ref	Compliance Control	Ring-fencing Guideline Clauses
RF.3.004	Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in the Business Support Agreement.	3.2.1(a), 4.2.2(a),
RF.3.005	The nature, extent, and attribution of costs between Endeavour Energy and Ausconnex are defined and applied in accordance with the Accounting for Ausconnex Fundamentals, which supports Endeavour Energy's approved and published Cost Allocation Methodology.	3.2.1(a), 3.2.2, 4.2.2(a), 4.2.2(c)
RF.3.006	An annual review is undertaken by Finance of the Accounting for Ausconnex Fundamentals document.	3.2.1(a), 3.2.2, 6.1
RF.3.007	Separate Financial and Accounting records are maintained for Endeavour Energy and Ausconnex.	3.2.1(a), 3.2.2

Offices, Staff, Branding and Promotions, Sharing of Information

Ref	Compliance Control	Ring-fencing Guideline Clauses
RF.4.001	The Office Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually.	4.2.1(a), 4.2.4(a), 4.2.4(b)
RF.4.002	Ausconnex maintain separate physical locations from Endeavour Energy staff providing Direct Control Services.	4.2.1(a)
RF.4.003	Staff Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually.	4.2.2(a), 4.2.4(a), 4.2.4(b)
RF.4.004	Endeavour Energy's At Risk Reward Scheme for Contract Staff does not include any remuneration, incentive or other benefit for staff to act in a manner that is contrary to Endeavour Energy's regulatory obligations.	4.2.2(c)
RF.4.005	Endeavour Energy's Enterprise Bargaining Agreement for EBA staff does not include any remuneration, incentive or other benefit to staff to act in a manner that is contrary to Endeavour Energy's regulatory obligations.	4.2.2(c)
RF.4.006	Branding, advertising, and promotional activities for Endeavour Energy are independent and separate from Ausconnex.	4.2.3(a)

RF.4.007	Company Procedure GAM1100, together with the Information Sharing Protocol and Approach published on the website, establishes and governs the process for managing electricity information requests.	4.1, 4.3.1, 4.3.2, 4.3.3, 6.1
RF.4.008	Information Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually.	4.1, 4.3.1, 4.3.2, 4.3.3, 4.3.4

Service Providers

Ref	Compliance Control	Ring-fencing Guideline Clauses
RF.4.009	Endeavour Energy's standard terms and conditions reflect the requirements of the Guideline, with any new or varied contracts that deviate requiring approval from the Legal team.	4.4.1

Waivers

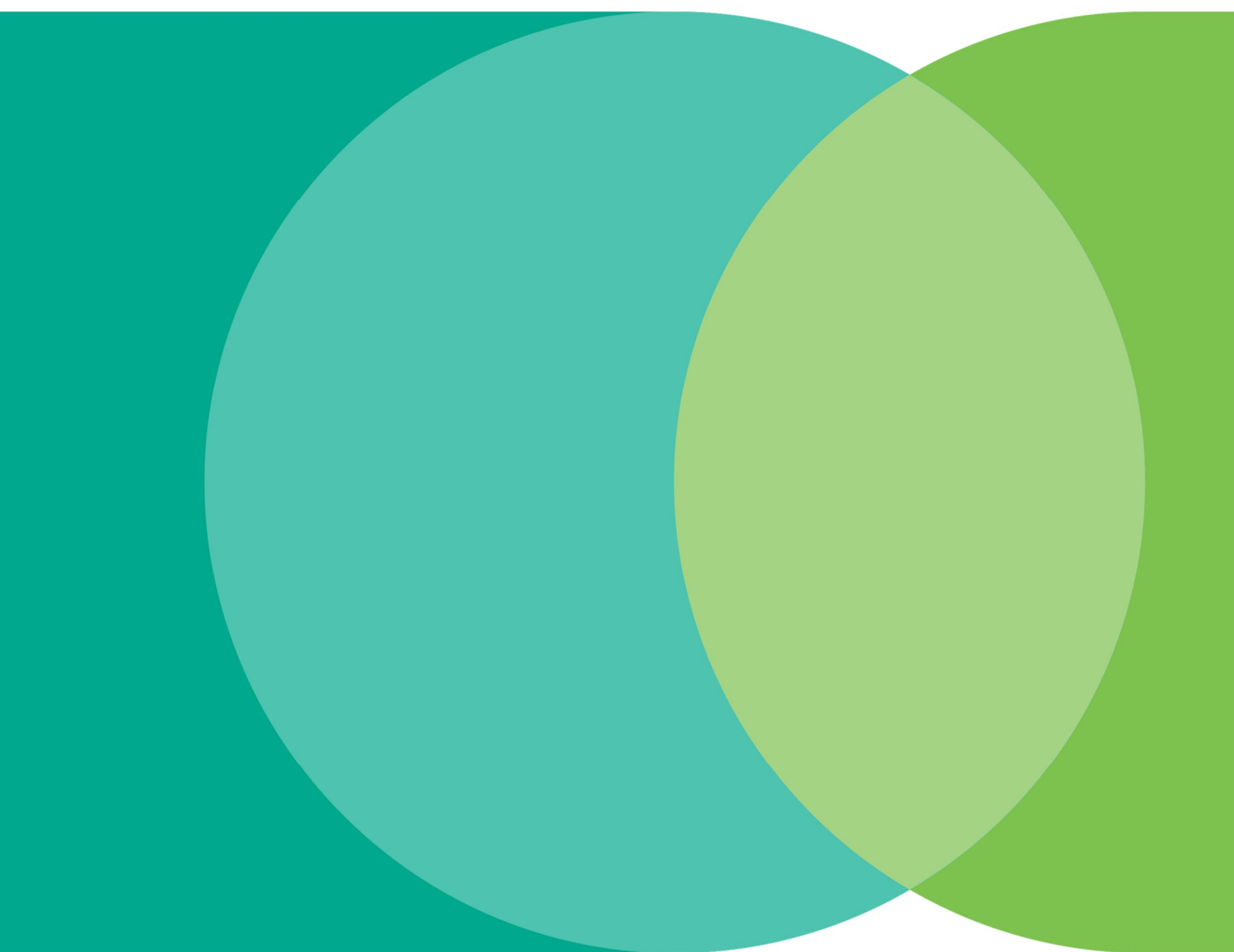
Ref	Compliance Control	Ring-fencing Guideline Clauses
RF.5.001	The Waiver Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually.	5.7
RF.5.002	Compliance with waiver's requirements is regularly monitored, and all necessary reporting required under the terms and conditions of the waiver, is completed accurately and within the specified timeframes.	5.7

Compliance, Reporting and Enforcement

Ref	Compliance Control	Ring-fencing Guideline Clauses
RF.6.001	An annual attestation of compliance with the Guideline is completed via Resolver by key stakeholders and their respective management team.	6.2.1, 6.3
RF.6.002	Endeavour Energy's Annual Ring-fencing Compliance Report is submitted to the Australian Energy Regulator annually and accompanied by an assessment of compliance by a suitably qualified independent authority.	6.2.1, 6.2.2
RF.6.003	Regulatory Assurance maintain a regulatory reporting calendar to monitor compliance with all mandatory reporting obligations, including Ring-fencing.	6.2.1, 6.2.2, 6.3
RF.6.004	The Regulated Stand-alone Power System Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually.	6.2.3
RF.6.005	Regulatory Assurance maintains a dedicated ring-fencing email account to monitor correspondence relating to breaches or inquiries, with all emails received recorded in the ring-fencing enquiry register to track and monitor enquiries, responses, investigations, and follow-up actions.	6.2.1, 6.3
RF.6.006	Endeavour Energy's breach register is supported by copies of the ring-fencing breach report and cover letter submitted to the Australian Energy Regulator for each identified breach.	6.2.1, 6.3
RF.6.007	Ring-fencing Alerts are communicated to all staff to raise awareness of any breaches of the Guideline and to mitigate the risk of recurrence in the future.	6.3

Appendix B

Independent Assessment



Appendix B: Independent Assessment

Clause 6.2.1(c) of the Guideline requires Endeavour Energy's annual compliance report to be accompanied by an assessment of compliance with the Guideline by a suitably qualified independent authority.

Endeavour Energy engaged Ernst & Young to undertake the assessment of compliance for the period 1 January to 31 December 2025. This assessment has been provided as a separate file.

Appendix C

Waiver Conditions Annual Report

Appendix C: Waiver Conditions Annual Report

Endeavour Energy is required to report on activities undertaken in accordance with the terms and conditions of AER-approved ring-fencing waivers as part of its independently audited Ring-fencing Annual Compliance Report.

Consistent with this requirement, Appendix C sets out reporting in relation to the waivers associated with the Australian Government's Community Batteries for Household Support Program (CBHSP) and Endeavour Energy's Community Battery Trial (CBT).

The information contained in this appendix covers the period 1 July 2024 to 30 June 2025 and is submitted as supporting material to Endeavour Energy's Ring-fencing Annual Compliance Report for the period 1 January to 31 December 2025. The report has been prepared using the format specified by the AER and provided as separate file.

This appendix is provided on a confidential basis and is not intended for publication.

