

Post Review Implementation Plan

This plan is prepared in response to the Final Review Report produced by GHD on 9th July 2024

1. Asset Management System Review - Post Review Implementation Plan

| Audit Report Reference | Non Compliance / Controls Improvement | Auditors Recommendation | Action Proposed to be taken by Licensee | Update and action taken by Licensee | Responsible Person | Target Completion Date |
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| 1/2024/1.1 | The asset management plan (AMP) contemplates most of the processes within this asset management category. However, across the board, it was observed that processes described lack accountabilities or clear outcomes or are not actively carried out. The stated review periods such as annual reviews were not carried out for the AMP and various AMS documents. | Recommendation 1/2024/1.1 It is recommended that the AMS, with its boundaries, be defined and the AMP updated to reflect that. Define key measures and objectives that will be used to track performance and accountabilities. There is a lack of clarity on which entities documents (Zenith or PRE) are the working documents. This can result in uncertainty in accountability or responsibility specifically to external entities. Additional uncertainty is created by relevant entity names not being accurately reflected. This needs to be clarified and documented. This recommendation is related to the previous audit recommendation 2/2022 | Review the Peel AMS again to address remaining review recommendations <ul style="list-style-type: none"> Define boundaries of AMS by including list of documents that form part of the AMS and describe interaction with corporate HSE, Enterprise Risk Framework, incident tracking etc Develop key stakeholder matrix with objectives, KPIs, responsible persons and review cycle Include updated corporate org chart Develop reminder system for document review | AMS has been reviewed and signed off by GM CE shortly after the end of the review period. An additional review is currently underway triggered by stage 2 of the Peel network. A stakeholder matrix has been developed and included into the AMP. All documents that are part of the AMS have been stored in the company's document management system (ZenDocs). Each document has an owner and review date. Automatic email reminder will go out close to the review date. The corporate org chart has been updated and a table has been included illustrating the interaction between Peel specific documents and corporate Zenith documents. | Network Operations Manager | closed |
| 2/2024/1.2 | Section 5.3.4 of the AMP maps out PRE key stakeholders and associated key asset management performance drivers in a figure. The AMP describes qualitative actions for each stakeholder in section 5.3. Responsibilities are not always | Recommendation 2/2024/1.2 PRE is to define, in the AMP other AMS documents, not only its key stakeholders' objectives but expected service and performance measures. Then demonstrate the monitoring of this performance over time. Determine and document a stakeholder review cycle that is | PRE will develop a stakeholder matrix which includes key objectives, KPIs, responsible persons. A review cycle will be implemented by diarizing reviews. | A stakeholder matrix has been developed including key objectives, KPIs, responsible persons. Review dates have been included in an internal register of action items and dates | Senior Business Development Manager | closed |

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| | <p>clear as to whether PRE, Zenith, or others are the responsible party for managing of the stakeholder needs. E.g. Energy retailers are identified as the responsible party for managing the interests of the consumers - this does not seem appropriate for a network service provider. Interdependences between deliverables and accountabilities have not been clearly defined in the AMP or other AMS documentation. It is understood that there are contractual obligations with other parties which are upheld by PRE or Zenith. A sample project deed for the microgrid with Development WA has been sighted, however accountabilities have not been clearly defined in the AMP or other AMS documents reviewed to date.</p> | appropriate for PRE | | | | |
| 3/2024/1.8 | <p>PRE receives condition reports from inspections. These inform the actions needed to manage their assets in the short term. No medium or long-term prediction of asset failure modelling is done. This is partly because the asset base is only 4 years old. There is also a challenge for PRE to statistically model asset failures due to its small asset base. But it could rely on information from suppliers or other network service providers</p> | <p>Recommendation 3/2024/1.8 Considering the small size of the PRE network limiting the opportunity to develop models of asset failures, PRE needs to develop a suitable methodology for assessing the quantity and timing of future asset failures. A suitability targeted approach would enable better planning of future CAPEX or OPEX requirements.</p> | <p>PRE acknowledges the recommendation and will seek the assistance of external experts to develop a methodology to assess failure rates of the network components (transformers, pillars, switchboards, cables) requesting life-cycle information. In addition, over time, CE will use experience gained from its growing portfolio of microgrids. Information gained will be reflected in long-term capex and opex models at the next business budgeting process</p> | <p>PRE will develop a methodology for assessing quantity and timing of asset failure based on manufacturer specific information or industry averages. The methodology development will be supported by external consultants. This information will be included in the review of the Peel risk register and in turn inform opex and capex budgets of the FY25 budget cycle.</p> | General Manager CE | <p>31/10/2024 for methodology development and inclusion of asset information into risk register May 2025 Inclusion in long-term capex and opex models</p> |

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| 4/2024/1.9 | <p>The AMP during the review period is a document that was owned by TasGas which was the previous parent company to PRE, the document is dated July 2022. This document was not updated within the stated review periods and contains information that does not consistently match up with contents of other documents. We sighted an updated AMP that was assimilated under the new parent company (Zenith); This AMP was approved outside the audit period</p> | <p>Recommendation 4/2024/1.9 It is recommended that the AMP is kept up to date to meet its stated review periods ensuring its content has consistency with other documents. The AMP provided was reviewed and converted to a Zenith Energy document outside of the audit period</p> | <p>CE employed a full-time document controller and the PRE AMS document have been reviewed and amended since February 2024. Any references to TasGas documents have been removed.</p> | <p>The review of the PRE AMS documents has commenced during the review period (February 2024) and was formally approved by the General Manager CE on 3 April 2024.</p> <p>The PRE AMS documents are stored in the corporate document control system (ZenDocs) and will be regularly reviewed in accordance with the allocated review date cycle</p> <p>ZenDocs will send out reminders to the document owners closer to the review date.</p> <p>An additional review is currently underway</p> | <p>Network Operations Manager</p> | <p>closed</p> |
| 5/2024/2.5 | <p>Zenith provided two documents; Network Performance and Planning Criteria Manual and Zenith Energy Workplace Health & Safety Management Plan Corporate, these describe some of the safety specific requirements that need to be managed. The AMP gives general details on identifying and assign ongoing legal / environmental / safety obligations. However, no compliance register was available that identifies all compliance obligations with assigned ownership for each obligation.</p> | <p>Recommendation 5/2024/2.5 PRE is to develop a compliance register, identifying all obligations, due dates, with action owners</p> | <p>As part of the AMS review outlined above, a register was developed which lists:</p> <ul style="list-style-type: none"> All actions described in the AMS documents Their due dates Action owners <p>A draft of that register was made available to GHD.</p> <p>The register was completed after the end of the review period.</p> <p>In addition, a register listing all obligations under the retail and distribution licences will be created allocating responsibilities and actions to meet compliance obligations.</p> <p>External legal will create a "diligence tool" listing all regulatory obligations for each microgrid</p> | <p>CE had developed a "register of action items and internal audit dates", which lists 72 PRE specific obligations with due dates and action owners (this register also includes action items relating to the solar generation and battery assets, which were not subject to the GHD review).</p> <p>A licence compliance register has been created listing the obligations under the Code of Conduct, Metering Code, Network Quality & Reliability of Supply Code and other codes referred to in Peel's licences.</p> <p>A "diligence tool" is currently being developed by an external legal party, which will list additional obligations under other regulations and deeds.</p> | <p>Regulatory Compliance Officer</p> <p>Customer Service Manager</p> | <p>closed</p> <p>31/08/2024</p> |

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| 6/2024/3.3 | <p>Alternatives to disposal was contemplated during the audit period. A distribution transformer was repurposed elsewhere in the distribution network as opposed to being disposed. Thought the consideration of an alternative was demonstrated, this action is not mentioned in section 3.3.3 of the AMP.</p> | <p>Recommendation 6/2024/3.3 It is recommended that PRE update the AMP to capture the behaviour of assessing disposal alternatives for assets. This is related to the previous audit recommendation 4/2022</p> | <p>PRE acknowledges the recommendation</p> | <p>Section 3.3.3 of the AMP will be updated to include the decision making process with regard to the option of repurposing of a network component as an alternative to asset disposal</p> | <p>Network Operations Manager</p> | <p>31/08/2024</p> |
| 7/2024/3.4 | <p>Section 3.3.3 of the AMP mentions a general decommissioning strategy for the assets at PRE. However, no strategic factors or drivers are listed to define an asset replacement strategy.</p> | <p>Recommendation 7/2024/3.4 It is recommended that a replacement strategy be developed and documented in the AMP, alongside asset disposal. It is to be informed by the outcomes of an asset-based risk assessment which considers asset criticality as well as likelihood and consequences of failure. Considering the small size of PRE, this strategy is to be fit for purpose. This recommendation is related to the previous audit recommendation 5/2022.</p> | <p>PRE acknowledges the recommendation and will include strategic factors or drivers for the replacement strategy when reviewing the A<P next</p> | <p>An update to section 3.3.3 will include strategic factors or drivers defining an asset replacement strategy</p> | <p>Network Operations Manager</p> | <p>31/08/2024</p> |
| 8/2024/4.1 | <p>An up-to-date enterprise risk register or risk framework was not sighted. Two risk registers sighted were not updated and had different risk matrixes. No review of the enterprise risk register was evidenced for the audit period or following acquisition. Asset specific threats were identified as part of the initial safety in design, but this has not been reassessed or reviewed by PRE during the audit period. We understand work commenced to develop a risk framework and register. This is understood to have started on 3 April 2024, which is outside of the audit period.</p> | <p>Recommendation 8/2024/4.1 It is recommended that the enterprise risk framework be developed, and a risk register populated with accountabilities in line with the current organisational structure between PRE and Zenith. This should be conducted as part of a wider risk-based assessment identifying opportunities and threats that can impact the business and operations of PRE. This is related to the previous review recommendation 1/2022, 6/2022, 7/2022 and 8/2022</p> | <p>PRE acknowledges the recommendation and will increase its effort to update the risk management framework and risk registers</p> | <p>A review of Zenith enterprise risk management framework with the assistance of external risk specialist is near completion and expected to be finalized by the end of September 2024.</p> <p>The project specific risk register for Peel will be conducted in parallel and will be completed by end of September 2024.</p> | <p>General Counsel & Company Secretary Regulatory Compliance Officer</p> | <p>30/09/2024</p> |

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| 9/2024/4.3 | <p>The AMP gives general details on identifying and assign ongoing statutory and regulatory obligations. However, no compliance registers or otherwise was provided that tracks and demonstrates compliance with statutory and regulatory requirements.</p> | <p>Recommendation 9/2024/4.3 PRE is to develop a compliance register, identifying all obligations, due dates, with action owners. This is related to the previous review recommendation 5/2024.</p> | <p>As part of the AMS review outlined above a register was developed which lists:</p> <ul style="list-style-type: none"> All actions described in the AMS documents Their due dates Action owners <p>A draft of that register was made available to GHD. The register was completed after the end of the review period. In addition, a register listing all obligations under the retail and distribution licence will be created allocating responsibilities and actions to meet compliance obligations</p> <p>Zenith has commissioned an external legal party to create a “diligence tool” including all regulatory obligations for iys microgrid</p> | <p>CE had developed a “register of action items and internal audit dates”, which lists 72 PRE specific obligations with due dates and action owners (this register also includes action items relating to the solar generation and battery assets, which were not subject to the GHD review).</p> <p>A licence compliance register has been created listing the obligations under the Code of Conduct, Metering Code, Network Quality & Reliability of Supply Code and other codes referred to in Peel’s licences</p> <p>A “diligence tool” is currently being developed by an external legal party, which will list additional obligations under other regulations and deeds.</p> | <p>Regulatory Compliance Officer</p> <p>Customer Service Manager</p> | <p>Closed</p> <p>30/09/2024</p> |
| 10/2024/5.1 | <p>While the services levels of the distribution assets are recorded, references to recording and storing this information as part of ongoing operation is not referenced in the High Voltage Microgrid Operation Manual provided (manual) or the AMP. It should also be noted that the working manual during the review period is effective from June 2021 and contains outdated information that is not reflective of PRE's current operating procedure. the latest revision of the manual is dated 3 April 2024 which is after the end of the review period and has substantial changes such as excluding some condition monitoring procedures for the HV assets. Though the AMP meets certain key aspects of the Electricity (Network Safety) Regulations 2015 obligations. It</p> | <p>Recommendation 10/2024/5.1 Ensure all obligations under the Electricity (Network Safety) Regulations 2015 are met.</p> | <p>A review and list of obligations under the Electrical (Network Safety) Regulations 2015 will be created</p> | <p>A register of obligations under the Electrical (Network Safety) Regulations 2015 will be created, including responsible persons for meeting the obligations</p> | <p>Regulatory Compliance Officer</p> | <p>30/09/2024</p> |

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| | does not represent good industry practice as aspects such as risk management frameworks, regular reviews are not in place. | | | | | |
| 11/2024/5.2 | As discussed in 4.1, no effective up to date risk framework or register is in place over the audit period. However, the very low volume of asset related incidents gives PRE the ability to respond and address the few incidents quickly - without the need to prioritise. This however may not be the case once assets age or Zenith expands its microgrid network | Recommendation 9/2024/5.2 It is recommended, that in parallel with recommendation 8/2024, a set of risk based prioritisation rules be developed to prioritise operational tasks in the future. As with other recommendations made, this should be fit for purpose for PREs needs | PRE is of the view that the best risk mitigation strategy is to: a) Adhere to the manufacturer's maintenance recommendations and frequency and b) Attend to any operational incident as soon as possible It is envisaged that contracted parties who undertake maintenance and repair are sufficiently resourced to attend to operational tasks if and when those occur given the small number of microgrids (two at the time of writing). If at some point in the future the number of microgrids increases a review of the AMS will include risk-based prioritization rules for operational tasks (This is not expected to be the | PRE will update and maintain its microgrid specific risk registers but given that it enters into Operations & Maintenance contracts with reputable contractors for each microgrid it does not see the need to prioritise attending to incidents. Instead, each incident will be attended to as soon as practicable, even if incidents happen at the same time. Nevertheless, the current review of the Peel risk register will include the risk of conflicting operational tasks and how to prioritise them. | General Manager CE | 30/09/2024 |

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| | | | case for at least a further 5 years). | | | |
| 12/2024/6.5 | As discussed in observations 4.1 (8/2024), and 5.2 (9/2024), no effective up to date risk framework or register is in place over the audit period. However, the very low volume of asset related incidents gives PRE the ability to respond and address the limited maintenance task quickly - without the need to prioritise. This however may not be the case once assets age or Zenith expands its | Recommendation 10/2024/6.5 It is recommended that, in parallel with recommendation 8/2024 and 9/2024, a set of risk-based prioritisation rules be developed. As with other recommendations made, this should be fit for purpose for PREs needs. | PRE is of the view that the best risk mitigation strategy is to: c) Adhere to the manufacturer's maintenance recommendations and frequency and d) Attend to any operational incident as soon as possible It is envisaged that contracted parties who undertake maintenance and repair are sufficiently resourced to attend to operational tasks if and when those occur given the small number of microgrids (two at the time of writing). If at some point in the future the number of microgrids increases a review of the AMS will include risk-based prioritization rules for maintenance tasks (This is not expected to be the | PRE will update and maintain its microgrid specific risk registers but given that it enters into Operations & Maintenance contracts with reputable contractors for each microgrid it does not see the need to prioritise performing maintenance tasks. Instead, each maintenance task will be attended to in accordance with agreed maintenance frequencies. Nevertheless, the current review of the Peel risk register will include the risk of conflicting maintenance tasks and how to prioritise them. | Network Operations Manager | 30/09/2024 |

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| | | | case for at least a further 5 years). | | | |
| 13/2024/8.1 | PRE has provided Zenith's Enterprise Risk Management Plan. This document appears to cover general work place and site-based work related risk management policies and procedures and does not appear to address and asset or site specific risks . No risk framework or procedure specific to the operation of the Peel assets were provided. | Recommendation 13/2024/8.1 It is recommended that including the enterprise risk framework mentioned in recommendation 8/2024, a risk management policy and procedure be defined that is specific to assets and defines a framework that can be used to manage and minimise risks. There may be internal policies and procedures that are fit for purpose, these need to be referenced accordingly in the AMP or otherwise developed for PRE's use. The recommendation should be considered in tandem with 11/2024 and 12/2024. The approach should be asset specific as well as fit for purpose for PRE's requirements. | PRE acknowledges the need for an updated risk register and procedures to minimize internal and external risks | A review of Zenith enterprise risk management framework with the assistance of external risk specialist is near completion and expected to be finalized by the end of September 2024. The project specific risk register for Peel will be conducted in parallel and will be completed by end of September 2024. | General Counsel & Company Secretary Regulatory Compliance Officer | 30/09/2024 |

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| 14/2024/8.2 | Two risk registers sighted were not updated and had different risk matrixes. No review of the enterprise risk register was evidenced for the review period or following acquisition of the network. One of the registers appears to be an output of the safety in design phase of the network development . This register has not been reassessed or reviewed by PRE during the review period. (As mentioned in observation 4.1, 5.2 and 6.5), no effective up to date risk framework or register is in place over the review period. | Recommendation 14/2024/8.2 It is recommended PRE develop a consolidated risk register which is informed by the two previous risk registers. The consolidated risk register should be separate from the previous registers and represent PRE's current treatment plans and monitoring strategy for the assets. The outcome of this register should inform the maintenence and operating activities and be considered together with recommendations 11/2024 and 12/2024. | PRE acknowledges the need for an updated risk register to minimize internal and external risks, it will however utilize existing risk registers instead of creating a third Peel risk register to avoid confusion and overlap | The project specific risk register for Peel will be conducted in parallel with and will be completed by end of September 2024. | Regulatory Compliance Officer | 30/09/2024 |
| 15/2024/8.3 | Zenith primarily rely on third party contractor to identify risk of asset failure during routine inspections and maintenence activities. The contractors' inspectors results have, so far, been used to assess the probability of failures. No alternative process for assessing probability of failures were presented. As mentioned before the young age and small size of the network has not prioritised this. No process or policy is defined in the AMP or other AMS documentation provided. (As mentioned in observation 8.2), there is no current register of risks for the assets from an operational or safety perspective. | Recommendation 15/2024/8.3 It is recommended that an assessment of asset failure and consequences is performed and a schedule of reviews determined at a rate that is fit for purpose. Together with recommendation 3/2024, assessment of future asset failure and consequences allows for improved CAPEX and OPEX forecasting. | PRE acknowledges the recommendation and will include the risk of future asset failures in the review of its risk registers. Insights of the risk review will inform the opex and capex budget for FY25 | The project specific risk register for Peel will be conducted in parallel and will be completed by end of September 2024. Outcome of the above will be taken into account at the next opex and capex budgeting cycle | Regulatory Compliance Officer General Manager CE | 30/09/2024 May 2025 |

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| 16/2024/12.1 | <p>It is understood that an internal review of the AMS is ongoing. This review has identified various AMS deficiencies during the review period and is ongoing. In addition, (as noted, in observation 1.9) various key AMS documents during the review period are outdated and show a document owned by TasGas, the previous owner of the network. Up to date documents show marginal changes from previous revisions and are dated after the review period.</p> | <p>Recommendation 16/2024/12.1 It is recommended that PRE complete their internal review and implement internal action plans alongside all recommendations in this review.</p> | <p>This post-review implementation plan addresses the review recommendations.</p> <p>The CE board will receive regular updates on the progress in addressing the recommendations as will CE's internal monthly compliance meeting</p> | <p>This post-review implementation plan will be submitted to the ERA.</p> <p>In addition, CE's board will review progress until the recommendations have been addressed.</p> | <p>Regulatory Compliance Officer</p> <p>General Manager CE</p> | <p>30/07/2024</p> <p>ongoing until the recommendations have been addressed</p> |
| 17/2024/12.2 | <p>No internal audit was conducted on the current AMS outside of those required by the ERA. It is understood that a compliance officer was brought on-board towards the end of the review period and will be undertaking internal audits. An internal audit plan was presented, however all actions scheduled are within the future review period</p> | <p>Recommendation 17/2024/12.2 It is recommended PRE maintain an effective audit plan, ensure audits are carried against this plan, ensure recommendations are presented to relevant management and actioned</p> | <p>As per GHD's comment, an internal <i>Register of actions and internal audit dates</i> has been created and is in use.</p> | <p>Following the designated dates and responsibilities of the <i>Register of actions and internal audit dates</i> will ensure that internal audits and spot checks will be performed. Therefore this item is considered closed.</p> | <p>Regulatory Compliance Officer</p> | <p>closed</p> |