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Drafted changes to IPART's Electricity Networks Audit Guideline

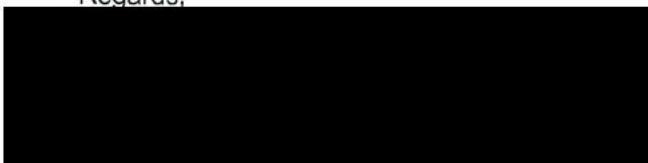
Dear Nadia,

Ausgrid has the following comments on the version of the Electricity Network Audit Guideline received on 28 February 2017.

Section	Comment
General	Three of the tables in the document are numbered 'A.1'.
General	The page numbering restarts with the appendices.
General	References to 'Appendix G' throughout the document regarding Auditor nomination process should reference Appendix H.
General	Licence conditions 9 and 10 require an implementation plan and transition plan. Although IPART has been referring verbally to an audit of these plans they are not mentioned in the Audit Guideline. Ausgrid is not clear on timing and process for the audit of these plans and requests that this be clarified.
Table 3.1	Ausgrid notes the timeframes in Table 3.1 will only align with the dates in Section 6 if everything runs perfectly.
Section 3.7.1	It seems very unusual that disputes would go to the NSW Civil and Administrative Tribunal. Has IPART considered NCAT's possible lack of experience with the electricity industry?

Section	Comment
Table A.1 in Section 6.3	The Compliance report due on 31 August refers to licence conditions 6 and 7, but for Ausgrid these are 9 and 10.
Table A.1 in Section 7.3	There is no date in the second row of this table.
Table A.1 in Section 7.3	Under IPARTs proposed timeline, if Ausgrid chooses to nominate an auditor that nomination is to be done by 1 May, meaning we would need to commence the tender process next month. Ideally therefore Ausgrid needs clarity on the proposed panel prior to mid-April so as to make an informed decision about whether or not to select a panel member.
Section 7.5 and 7.5.1	<p>Section 7.5 requires a 'limited assurance' audit opinion, however section 7.5.1 requires the auditor to provide a two-part grade for the assessment of data reliability and accuracy in addition to an overall compliance grade for each licence condition".</p> <p>This 'compliance grade' caused some confusion in last year's audit. The audit is a limited assurance audit, not a compliance audit (refer section 4.2). Under the limited assurance process, there are no specific grades of compliance. The explanation of the limited assurance audit is simply:</p> <p><i>A limited assurance audit is required to audit the network operator's performance against the reliability and performance standards. A limited assurance is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement. The audit opinion is expressed in a negative form of assurance. This should be conducted in accordance with ASAE 3000 or equivalent standard.</i></p> <p>ASAE 3000 does not appear to outline any compliance grades, but rather the same negative form of assurance i.e. "nothing has come to the auditors' attention to cause the auditor to believe that the information presented is misstated."</p>
Section 7.5.1	This section refers to Appendix F, it should refer to Appendix G.

Regards,



John Thomson
Compliance Reporting Manager