



## Attachment 2F – Compliance Management

Date: 1 March 2022

ENGIE ANZ understands its regulatory obligations relating to its licensed activities having several NEM-connected generators in its portfolio including the Pelican Point Power Station, the Synergen Power fleet of power stations, and the Willogoleche Power and Canunda Power wind farms in South Australia. ENGIE ANZ also formerly owned and operated the Hazelwood Power Station (now in rehabilitation phase) and the Loy Yang B Power Station (divested by the Group in 2017) in Victoria and accordingly appreciates Victorian specific requirements too. Its retail arm, Simply Energy, also operates in Victoria.

ENGIE ANZ is implementing a new Compliance Risks Framework to manage compliance with relevant regulatory obligations arising from the generation and wholesale activities of its portfolio of assets. This Framework will also apply to the Applicant.

Compliance at ENGIE ANZ has been based on a division between operational compliance at business unit level and corporate matters examined by the head office. While business units will remain responsible for the bulk of compliance under the new Framework being implemented, a new attestation requirement against specific regulatory obligations and controls is to be allocated to individual obligation owners and monitored centrally by the regulatory and compliance team so as to elevate business unit performance. This new Framework is in the second year of its multi-year implementation process.

The first stage of implementation for the new Framework has been identifying and documenting:

- all relevant regulatory obligations across customer facing, wholesale market, and corporate activities;
- the source of the relevant regulatory obligations, including those identified under the template licence including the *Electricity Industry Act 2000* (Vic) and regulations, the *Electricity Safety Act 1998* (Vic) and regulations, the NEL, the NER and all relevant ESCV guidelines, policies and procedures;
- the key personnel responsible for ensuring compliance with the relevant regulatory obligations including the responsible person (responsible for day-to-day compliance management activities) and the obligation owner (accountable for overall compliance with the obligation);
- updating the ENGIE ANZ compliance policy and associated risk matrix; and
- hiring additional resources for compliance and assurance activities.

The second stage of implementation for the new Framework requires:

- identification and assessment of the suite of controls relevant to each regulatory obligation and obligation owner;
- the implementation of new software to manage compliance obligations, act as an information resource, and track attestations, internal assurance assessments, and internal investigations;
- seeking Board approval of the updated ENGIE ANZ compliance policy;
- finalise organisation compliance framework documentation and guides;
- commence internal assurance assessment; and
- update Board reporting.

The third stage of the implementation of the new Framework focuses on:





- bringing non-market corporate compliance activities into the Framework; and
- users and executive review of the new Framework, as part of a wider assessment of performance.

The new Framework is designed to be comprehensive and structured and is based on the modification of compliance risks associated with the licensed activities according to a Group risks matrix. A focus of the Framework is on monitoring compliance with regulatory obligations associated with a high-risk rating. Relevantly, for ENGIE ANZ's licensed activities, this usually involves regulatory obligations with a high market/customer impact and/or civil penalties.

See Attachment 2G – Group Risks Matrix and Consequence & Likelihood Table (CONFIDENTIAL), Attachment 2HA – Compliance Policy (CONFIDENTIAL), Attachment 2HB – Compliance Policy (DRAFT AND CONFIDENTIAL) and Attachment 2I – Compliance Register (CONFIDENTIAL)