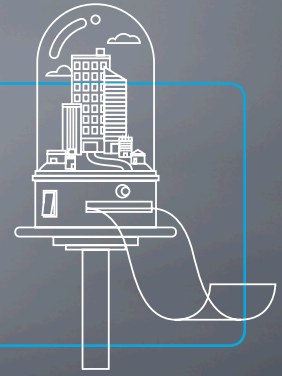


Bringing expert global and local knowledge to your environment



METERING AND ENERGY AUDIT AND ASSURANCE SERVICES

As the energy sector in Australia continues its rapid rate of change, organisations must continue to be on the front foot in being aware of new developments, and adapting to new requirements. We at RSM understand this challenge, and the importance of strategic thinking with the flexibility to adapt.

We are regularly sought by organisations in responding to these challenges, and have the expertise and capabilities to play a valuable role in assisting you respond to changing external drivers in the energy sector.

RSM's Expertise in Metering and Energy

RSM has been operating in the energy industry since 2002. We have developed our expertise in many areas over this time covering Gas and Electricity Market Audits (both in Australia and internationally), compliance with regulatory and legislative requirements, internal audit services, Metering Services Provider compliance and accreditation audits (since 2012) and recently Embedded Network Manager accreditation audits. This has given us a deep understanding of the market processes for metering and the business processes and systems for the current meter service providers operating in the National Electricity Market.

Energy Industry Transformation

Power of Choice

Reforms to the National Electricity Market (NEM) are being implemented following recommendations to the state and federal governments by the Australian Energy Market Commission (AEMC)'s Power of Choice review, with the aim of giving consumers options in the way they use electricity.

The energy industry is being transformed by technological advancements which are changing the generation mix leading to the introduction of 'behind the meter' services, such as demand management services, consumer renewable services, such as solar and battery storage, and larger programs such as virtual power plants using consumer batteries. This is creating opportunities for increased consumer engagement, through metering services when it comes to choice and energy supply solutions.

Developments to support the uptake of efficient demand side participation products and energy services that promote consumer participation and choice are now also progressing.

RSM was involved in the initial phase of the Power of Choice project where the focus was the submission of rules change proposal for Embedded Networks (EN) and Multiple Trading Relationships (MTR). RSM provided project assurance for this project which included reviewing the project governance structure, project risk management, stakeholder engagement and project reporting.

Expanding Competition in Metering

On 26 November 2015, the AEMC made a final rule that will open up competition in metering services and will give consumers more opportunities to access a wider range of services.

The competitive framework is designed to promote innovation and lead to investment in advanced meters that deliver services valued by consumers at a price they are willing to pay. Improved access to the services enabled by advanced meters will provide consumers with opportunities to better understand and take control of their electricity consumption and the costs associated with their usage decisions.

The new arrangements, commencing on 1 December 2017, have required changes to the National Electricity Rules (NER) and the National Electricity Retail Rules (NERR), as well as substantial changes to the Australian Energy Market Operator's (AEMO) metrology and market procedures. This includes the introduction of a new role, a "Metering Coordinator", to assume overall responsibility for metering services under the NER.

RSM is well placed to assist organisations in navigating the new requirements given our experience as Metering Services Auditor and Accreditation Agent for the AEMO. We have established effective relationships with all key parties which will be crucial in ensuring the effective implementation of the changes.

Our Metering and Energy Industry Experience

RSM has significant experience working in the global and Australian metering and energy industry. Some examples of recent relevant experience are briefly described below:

Australian Energy Market Operator (AEMO) Metering Audit Services

We have been engaged by AEMO since 2012 to conduct bi-annual reviews of over 20 Meter Data Providers (MDPs) and Metering Providers (MPBs) across the National Electricity Market. These

Who we are

The RSM global network is represented in 120 countries, enabling us to access best practice insights and local expertise in climate change and environmental management to assist your business, no matter where in the world you are operating.



- 6th largest global audit, tax and consulting network
- Firms in 120 countries and are in each of the top 40 major worldwide business centres
- Over 41,400 in 800 offices
- Clients from growth-focused entrepreneurial businesses through to leading multi-national, cross border organisations

reviews focus on compliance with the Service Level Procedures (SLPs) for key aspects of meter data collection, processing and delivery. We also provide MDP and MPB Accreditation Review Services to AEMO to assist in accrediting new MDPs, or where MDPs have significant system or business changes.

AEMO engaged us in 2017 to conduct Embedded Network Manager (ENM) audit services, including Accreditation Review Services for new applications for accreditation as an ENM.

We also provide Internal Audit services to AEMO, with reviews conducted over the last five years covering a variety of corporate and technical processes. We were previously appointed as the National Electricity Market Auditor providing a limited assurance review of the specified electricity market activities of AEMO and assessing compliance with the NER.

Essential Services Commission (ETC)

RSM was appointed to provide internal audit services in 2012, after having previously provided internal audit services for a four year period from 2006 to 2009.

We are members of the ESCs Energy Regulatory Audit Panel. We have been engaged by several energy retailers to conduct regulatory audits as part of the ESCs regulatory audit program.

NSW Energy Savings Scheme (ESS) and Victorian Energy Efficiency Target (VEET) Audits

We have conducted audits in accordance with ESS and VEET Audit Guidelines, to confirm compliance with the specific requirements of these schemes. This is accomplished by ensuring that the information presented in the return is correct and accurate, and determined in accordance with applicable section of the Act and the ESC Rules.

For ESS, we have conducted many audits under the Commercial Lighting Energy Savings Formula and audits of Annual Energy Savings Statements for Liable Entities.

For VEET, the purpose of the audit was to confirm the accuracy of the amount of electricity acquired as scheme acquisitions during a calendar year by auditing compliance of the relevant entity with the Act and the VEET Scheme Guidelines, and the integrity of the information reported to the Commission in the statement.

Clean Energy Regulator (CER)

We have been a member of the CER's Audit Panel since 2012, with several Category 1 and 2 Registered Greenhouse and Energy Auditors as part of our team. We have conducted many National Greenhouse and Energy Reporting (NGER), Emissions Reduction Fund (ERF) and more recently, Renewable Energy Target (RET), audits of corporations on behalf of the CER each year since joining the panel.

Philippines Electricity Market Corporation (PEMC) – 5th Market Operations Audit

RSM was engaged in January 2015 to undertake the 5th Market Operations audit for PEMC.

The primary objective of the audit was to reinforce Trading Participants' confidence in the transparency and adequacy of the operation of the Wholesale Electricity Spot Market (WESM), through the PEM Board which established the PEM Audit Committee (PAC) under the WESM Rules. The mandate for the audit is provided under the WESM Rules, as amended, and the PEM Audit Market Manual (Manual).

The audit covered market operations and transactions for the period 26 June 2013 to 25 December 2015. We reported the findings of the audit to the PEMC Board and the Energy Regulatory Commission at the conclusion of the audit.

About RSM

RSM has become a significant market player in the provision of audit and assurance services throughout Australia. We have a high level of capability and are part of a worldwide network adding considerable substance to the services we can deliver including:

- Access to the largest auditing capability outside the 'Big 4'
- A higher level of service through our national and international representatives
- Global and national expertise in the energy industry
- A wider range of IT expertise with specific experience in the energy industry

RSM has grown to become one of the largest accounting and business advisory firms in Australia since our foundation in 1922. Today, we are uniquely placed in the Australian accounting profession as a national partnership with 100 Partners, Principals and associates and over 1,200 staff operating out of 30 offices throughout Australia including most of the major capital cities. This enables us to work closely and independently with clients at a local level, backed by the professional expertise, resources and strength of our national team.

Our National Risk Advisory Services Group includes 7 Partners and Principals and 70 staff.

We are the Australian independent member firm of RSM International, the sixth largest accounting and consulting organisation in the world. This affiliation reflects our growing international capabilities and our seamless international service to our clients. Throughout our history, we have strived to deliver highly personalised service to each and every client – a principle which pioneered our success 95 years ago.

Please contact your local RSM office to speak to an adviser.

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