To: The Board of Directors of AEMO

Independent limited assurance report to the Board of Directors of the Australian Energy Market Operator Limited for the Victorian Declared Wholesale Gas Market

Scope

In accordance with the terms of our engagement letter dated 14 January 2022 and subsequent variation dated 13 December 2024, we were engaged by the Australian Energy Market Operator Limited (AEMO) to perform an independent limited assurance engagement for the year ended 30 June 2026, in respect of AEMO's internal controls to support compliance, in all material respects, with Part 19 of the National Gas Rules version 85 (29 May 2025) to version 91 (7 May 2026) (the "Rules"), for the Victorian Declared Wholesale Gas Market (DWGM) in the following areas:

- the calculations and allocations performed by the metering and settlements system
- billing and information systems
- the scheduling and pricing processes
- processes for software management
- the linepack account
- AEMO's compliance with Part 19 of the Rules.

In designing our procedures in relation to AEMO's processes for software management, the criteria used to evaluate compliance was AEMO's IT Standards and Policies relating to IT General Controls ("ITGCs").

AEMO management's responsibilities

AEMO management is responsible for:

a) identification of the compliance requirements within the Rules
b) maintaining an effective internal control structure, including control procedures, to ensure compliance with the Rules
c) identification and implementation of controls which will mitigate those risks that prevent the compliance requirements being met and monitoring ongoing compliance
d) maintaining information relevant to compliance with the Rules that is free from material misstatement.

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Our independence and quality management

We have complied with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on Quality Management ASQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that AEMO did not maintain, in all material respects, internal controls in relation to compliance with the Rules for the year ended 30 June 2026.

The procedures we performed were based on our professional judgement and included:

- inquiry and observation of staff and management to understand the operation of controls
- review of relevant AEMO policies and procedures
- undertaking procedures to evaluate the design effectiveness of key controls
- performing limited sample tests on the operating effectiveness of key controls.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

Our procedures did not include any assessment of compliance or controls by market participants or other external parties. For example, our procedures did not consider:

- ITGCs or application controls over systems that are operated by external organisations
- compliance with Service Level Agreements
- control procedures in place at those agencies not controlled by AEMO, such as Retailers, Distributors, Meter Data Agents and Allocation Agents
- whether data received by AEMO from external organisations was complete, accurate and valid beyond limited assurance tests of the procedures that AEMO performs over validating the reasonableness of this data.

In addition, ITGCs have been tested on a homogeneous basis across AEMO's IT environment, as agreed with AEMO, and therefore it is noted that samples selected for testing may not have been directly selected from the DWGM market systems.

In designing our procedures in relation to AEMO's calculations and allocations performed by the metering and settlement systems, billing and information systems, the scheduling and pricing processes and the linepack account, our procedures were limited to testing of AEMO controls over the accuracy of calculations, including AEMO's controls to obtain third party certifications of systems where appropriate. Our scope did not include re-performing or validating the calculations, or certification, of DWGM systems including the Market Clearing Engine (MCE), Demand Forecasting System (DFS), Metering Management and Settlements System (MMS), or other market systems.

We accept no responsibility for the adequacy or accuracy of work performed by AEMO or the independent certifiers in relation to system certification. We accept no liability to AEMO, or to any other person, for any part of our limited assurance conclusion that relies on or assumes the adequacy of system certification.

Our procedures did not include an assessment of key processes and controls associated with Operational Technology, including, but not limited to, Supervisory Control and Data Acquisition (SCADA) and Real Time Systems.

Our procedures focused on AEMO's internal controls in relation to compliance with the Rules. We have not performed procedures over the completeness or accuracy of all information published or provided by AEMO.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

Use of report

This report was prepared for the Board of Directors of AEMO for the purpose set out in the Description of Supplies between PwC and AEMO dated 14 January 2022 (including subsequent variation dated 13 December 2024), using criteria designed for this purpose. We disclaim any assumption of responsibility for any reliance on this report by any persons or users other than the Board of Directors of AEMO, or for any purpose other than that for which it was prepared.

We make no representation concerning the appropriateness of this report for anyone other than AEMO. If anyone other than AEMO chooses to use or rely on it they do so at their own risk.

This restriction applies:

- to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute
- even if we consent to anyone other than AEMO receiving or using this report.

Inherent limitations

Because of the inherent limitations of any assurance framework, together with any internal control system, it is possible that fraud, error or non-compliance may occur and not be detected. Further, the internal compliance and control culture has not been reviewed and no view is expressed as to its effectiveness. A limited assurance engagement throughout the year ended 30 June 2026 does not provide assurance on whether compliance with the Rules will continue in the future.

A limited assurance engagement is not designed to detect all instances of non-compliance with the Rules, as it is limited primarily to making inquiries of AEMO, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.

Basis for Qualified conclusion

Our procedures identified instances of non-compliance with AEMO's IT Standards for access management throughout the period 1 July 2025 to 30 June 2026. We therefore qualify our conclusion in this regard, with reference to the materiality factors outlined in Appendix A.

A summary of key exceptions and non-compliance with the AEMO IT Standards is provided below:

Criteria	Finding Summary	Risk Rating	Compliance Rating
AEMO's *Identity Access Control and Authentication Security Standard*	**Instances of non-compliance with AEMO's IT Standards.** Our procedures have identified instances where AEMO's IT access management controls were performed inconsistently with respect to AEMO's IT Identity Access Control and Authentication Security Standard. The effect of non-compliance with IT policies is an increased risk of unauthorised or inappropriate access to systems and data, including reports, automated calculations and reconciliations, and interfaces, which form part of AEMO's internal controls in relation to compliance with the Rules.	Medium	Level 1

Refer to Appendix A for a summary of findings.

Qualified Conclusion

Based on the procedures performed and evidence obtained, except for the matters noted in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that AEMO did not maintain, in all material respects, internal controls in relation to compliance with Part 19 of the National Gas Rules for the year ended 30 June 2026.

PricewaterhouseCoopers
By

Nick Burjorjee
Partner

Melbourne
21 October 2026

Appendix A – Summary of Findings

Findings identified through the limited assurance engagement are reported to AEMO management and Finance Risk and Audit Committee each year.

We have considered materiality when evaluating the effect of identified control weaknesses on our conclusion. When assessing materiality, we considered qualitative factors as well as quantitative factors, including:

- the purpose of the engagement and specific requirements of the engagement
- the importance of an identified control weakness in relation to the area of activities and the entity's overall objectives
- the impact of a centralised function on other parts of the entity
- public perception and/or interest in the area of activity
- the cost of alternative controls relative to their likely benefit
- the length of time an identified control weakness was in existence
- the frequency and severity of control weaknesses identified in previous engagements.

The table below summarises new findings reported, and findings from prior periods which remained open throughout the year ended 30 June 2026. This includes findings reported by AEMO management or through our procedures. The items included in the table below comprise 7 market-related observations, and 17 IT-related observations.

	Critical	High	Medium	Low
Level 1	0	0	6	9
Level 2	0	0	5	4
Level 3	0	0	0	0
Total	**0**	**0**	**11**	**13**

The table below summarises findings from prior periods which were open as at 1 July 2025 and were closed during the year ended 30 June 2026. These include 14 market-related observations and 17 IT-related observations.

	Critical	High	Medium	Low
Level 1	0	0	8	12
Level 2	0	0	6	5
Level 3	0	0	0	0
Total	**0**	**0**	**14**	**17**

All findings in the tables above have been agreed with management and formally reported to AEMO's Finance Risk and Audit Committee.

We have categorised control observations noted according to agreed risk and compliance ratings. The risk ratings applied for each finding are aligned to the likelihood and consequence matrix adopted by AEMO's Finance Risk and Audit Committee.

The ratings have been tailored to reflect the potential impact on the market as follows:

Risk Rating	Definition
Critical	Findings which may have a catastrophic impact on market operations if they are not addressed immediately and require executive action with regular reporting at Board level.
High	Findings which may have a major impact on market operations if they are not addressed as a matter of priority. These findings require senior management attention with regular monitoring and reporting at executive and Board meetings.
Medium	Findings which may have a moderate impact on market operations if they are not addressed within a reasonable timeframe. These findings require management attention with regular ongoing monitoring.
Low	Findings which may have a minor impact on market operations if they are not addressed in the future. These findings are the responsibility of management with regular monitoring and reporting at staff meetings.

Compliance Rating	Definition
Level 1	Evidence of non-compliance with review criteria. These should be addressed as a matter of high priority. (Non-compliance)
Level 2	Issues which could possibly result in non-compliance with review criteria but where no evidence of actual non-compliance was found. However, there is considered to be insufficient formal evidence of controls in place or being actioned in relation to these issues. (Gaps in control design or operating effectiveness)
Level 3	Housekeeping matters and opportunities for improving internal controls and procedures relating to gas market procedures. (Control improvement opportunities)