

# Compliance and Enforcement Priorities

JUNE 2024

The AER's Compliance and Enforcement Priorities help guide our enforcement and proactive compliance efforts, and signal areas where we will be paying the closest attention to the behaviour of market participants.

The priorities align with the objectives in the AER's Strategic Plan 2020–2025, specifically objectives 1–3:

The policy sets out how we approach our compliance and enforcement roles and functions in accordance with the national energy laws.

In addition to our work in priority areas, we will continue to act where there are serious issues impacting consumers experiencing vulnerability, including life support consumers and consumers affected by family violence. The AER will also continue to help shape new or emerging markets and to implement new guidance.

We will continue to assess matters having regard to the Compliance and Enforcement Policy and take action where justified. This may include progressing matters outside of these priorities both emerging and ongoing, particularly to progress important ongoing work in areas previously identified as priority areas and to facilitate Australia's energy transition.

## 01

Protect vulnerable consumers, while enabling consumers to participate in energy markets.

## 02

Effectively regulate competitive markets primarily through monitoring and reporting, and enforcement and compliance.

## 03

Deliver efficient regulation of monopoly infrastructure while incentivising networks to become platforms for energy services.

# Compliance & Enforcement Priorities



## Priority:

Improve outcomes for customers experiencing vulnerability, including by improving retailer hardship policies and access to hardship and payment plan protections.

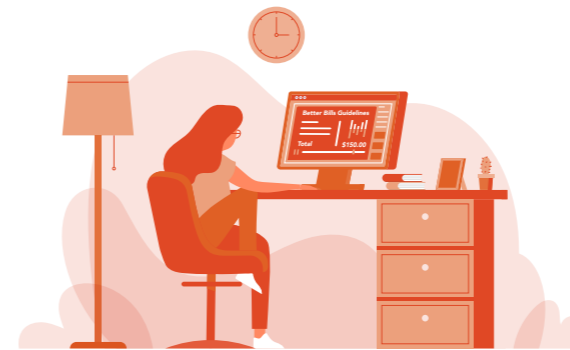
With ongoing cost-of-living pressures affecting a wide range of Australians more generally, we expect the number of consumers experiencing financial hardship will continue to increase.

Our focus will be on ensuring that all eligible customers are able to access the protections they are entitled to under the existing framework. This includes ready access to hardship programs and payment plans that reflect a customer's capacity to pay. We will continue to closely monitor retail performance data and other intelligence sources to identify compliance concerns with retailer obligations under the hardship provisions. The AER will use compulsory notices as a means of monitoring retailer compliance with hardship obligations.

At the same time, we have concerns that a number of current retailer hardship policies could be improved. We will continue to work with retailers to review these policies to improve outcomes for customers.

The AER acknowledges the importance of consumer access to interpreter services, particularly for consumers already experiencing vulnerability. The AER will continue to monitor retailer and distributor compliance via our intelligence sources, including reports from consumer and ombudsman groups, and consider actions as appropriate.

All activities related to this priority will have a strong link to the work in the AER's consumer vulnerability strategy, *Towards energy equity*.



## Priority:

Make it easier for consumers to understand their plan and engage in the market by focusing on compliance with billing and pricing information obligations, including the Better Bills Guideline and tariff change notification requirements.

Bills are a key source of information and communication between consumers and energy retailers. The information in bills helps customers to make confident decisions, such as making sure they are on the best deal for them or shopping around for a better deal. The AER's mandatory Better Bills Guideline sets out how retailers must prepare and issue bills to small customers. Retailers have been required to comply with the Guideline in full since 30 September 2023.

Given the importance of consumer bills, the AER's focus will remain on ensuring retailers are complying with the Guideline, particularly the requirement to have a 'better offer' statement on the first page of the bill.

Billing related issues affect more customers than other breaches reported to the AER by retailers and make up approximately half of the referrals to the AER from ombudsman schemes and consumer groups. Recognising the current cost-of-living pressures on consumers, the AER will remain focused on billing and pricing related issues, including retailer failures to appropriately notify customers of price and tariff changes.



## Priority:

Support power system security and an efficient wholesale electricity market by focusing on generators' compliance with offers, dispatch instructions, bidding behaviour obligations and providing accurate and timely information to Australian Energy Market Operator (AEMO).

The AER is focused on generators' obligations relating to offers, bidding and compliance with AEMO dispatch instructions because these are critical to power system security and efficient outcomes in the wholesale electricity market. This is particularly the case where conduct contributes to market events. Ensuring compliance with latest offers and AEMO dispatch instructions is an ongoing and active responsibility for all National Electricity Market participants. With the energy transition, it is critical to ensure these obligations are fully understood and widely complied with.

It is also critical that generators provide accurate and timely information about their capability and availability to AEMO. This includes in relation to providing system services such as frequency control ancillary services and for AEMO's projected assessments of system adequacy. The AER will investigate conduct that contributes to major market events, such as making false or misleading offers, bids or rebids.



## Priority:

Improve market participants' compliance with performance standards and standards for critical infrastructure.

The requirement for generators and facilities that consume electricity (load) to comply with their performance standards is critical to power system security, particularly when this conduct can cause or exacerbate market events. It is also critical for network service providers to comply with their obligations in the National Electricity Rules and/or connection agreements, including in providing supervisory control and data acquisition (SCADA) infrastructure. SCADA facilities form the communications backbone of the National Electricity Market, allowing real-time data flows about the status of transmission and generator equipment to AEMO and transmission network service providers' control rooms as well as the delivery of dispatch instructions. SCADA is critical for AEMO's line of sight on power system conditions and non-compliance with SCADA obligations has at times impacted AEMO's ability to manage the power system.

Ensuring compliance with performance standards is an ongoing and active responsibility for all market participants. With the increase in number and complexity of new connections arising as part of the energy sector's transition, it is critical that all participants fully understand and comply with their responsibilities. Delays to remediate non-compliance with performance standards increased during COVID-19 and participants should now refocus efforts to meet required timeframes. In light of recent major market events, the AER is taking a greater focus on network compliance and will investigate non-compliance with performance standards that contribute to major market events or AEMO's ability to safely and securely operate the network.



## Priority:

Monitor and enforce compliance with reporting requirements under the new Gas Market Transparency Measures.

Reporting under the new Gas Market Transparency Measures commenced in March 2023, extending reporting obligations across the supply chain, including gas reserves and resources estimates, liquefied natural gas (LNG) exports and large user demand reporting, and short-term domestic and LNG sales information. During the first year of reporting, the AER focused on bringing clarity to the obligations and on ensuring the completeness of reporting. The AER expects that reporting obligations are now understood and is focusing its compliance and enforcement activities on ensuring accurate and timely provision of this information. The information will drive better pricing transparency, improved efficiency of gas markets, facilitate investment decisions and inform government policy. The AER will use this information as part of monitoring the effectiveness of competition in wholesale gas markets and as part of its wholesale gas reporting.

The AER will also focus on the new Part 27 measures – known as the East Coast Gas System reforms: Stage 1, which commenced on 4 July 2023. These measures focus on supply adequacy by requiring further reporting, including of near-term supply forecasts by market participants and gas stored in pipelines. This data is critical to AEMO to evaluate the market, given new powers it has under Part 27 of the National Gas Rules to make directions and intervene if necessary. The AER has extended its surveillance and compliance activity to ensure compliance with these measures.