

26 July 2024

Dear stakeholders

Compliance and Enforcement Priorities 2024–25 and Annual Report 2023–24

I am writing to you to advise of the release of the AER's Compliance and Enforcement (C&E) priorities for the 2024–25 financial year, as well as the C&E Annual Report 2023–24 (the Report).

C&E Priorities 2024–25

On 27 June 2024, the AER published the [C&E priorities for the 2024–25 financial year](#). The priorities help guide the AER's enforcement and proactive compliance efforts, and signals areas where we will be focussing our attention.

We review our priorities every year, and the priorities for 2024–25 outlines our focus on:

- Improving outcomes for customers experiencing vulnerability, including by improving retailer hardship and payment plan protections.
- Making 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.
- Supporting 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).
- Improving market participants' compliance with performance standards and standards for critical infrastructure.
- Monitoring and enforce compliance with reporting requirements under the new Gas Market Transparency Measures.

In addition to our work in priority areas, the AER 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 received strong feedback from stakeholders that our current priorities remain relevant. We also heard there is an opportunity to advance our work in these areas given consumers are facing ongoing cost of living challenges as well as the energy system continuing to transition. In response to stakeholder feedback, we have extended our 2023–24 C&E priorities for 12 months and updated them to address important fields including:

- the efficacy of retailer hardship policies,
- price and tariff change notifications, and
- network compliance with performance standards.

We will continue to assess matters in line with our [C&E Policy](#) and take action where justified. This may include progressing matters outside of these priorities, both emerging and ongoing, particularly to progress previously identified priority areas and to facilitate Australia's energy transition.

C&E Annual Report 2023–24

In addition, the AER has today released our [C&E Annual Report 2023–24](#). The report details some of the significant compliance and enforcement actions that the AER has undertaken in this period.

Some of the key outcomes noted in the Report include:

- Our focus on protecting consumers, including consumers experiencing vulnerability, in the context of continued pressure on cost of living and energy affordability, the AER:
 - accepted a court enforceable undertaking from Origin Energy subsidiaries (together, Origin) in which Origin admitted to breaches of the requirement to provide information packs to life support customers – Origin has undertaken to make a \$1 million community-based contribution to organisations that assist sections of the community who use life support equipment
 - received payment of \$135,600 for two infringement notices issued to Ergon Energy Queensland Pty Ltd for alleged failures relating to life support registration and deregistration obligations
 - acted to ensure retailers are complying with new family violence protections, including proactive reviews of retailers' family violence policies
 - continued proceedings against subsidiaries of AGL Energy for a failure to comply with overcharging obligations related to Centrepay payments, with the trial held in early June
 - accepted a court enforceable undertaking from embedded network operator, Trinity Place Investments Pty Ltd, after it admitted to overcharging electricity consumers – resulting in repayment of \$34,000 to affected consumers
 - instituted proceedings in the Federal Court against the embedded network operator, CAM Engineering and Construction Pty Ltd for allegedly failing to become a member of the Energy and Water Ombudsman NSW scheme
 - finalised a round of spot checks of retailers' compliance with the hardship obligations
 - undertook a review of retailer compliance with the Better Bills Guideline and published guidance material to ensure that the better offer statement is included on the front page of bills
 - wrote to retailers to remind them of their obligations to notify customers ahead of changes to electricity prices and charges.

As the energy sector continues to undergo a major transition, the AER remained focused on monitoring compliance to ensure a secure and reliable energy supply and that electricity and gas markets operate efficiently and competitively. The AER:

- secured Federal Court ordered penalties totalling \$6 million in our proceedings against subsidiaries of AGL Energy for breaches of obligations relating to the provisions of contingency frequency control ancillary services
- secured Federal Court ordered penalties of \$900,000 in our proceedings against Pelican Point Power Limited for failure to disclose its short-term availability in line with the projected assessment of system adequacy obligations and update AEMO of changes to its medium-term availability
- instituted proceedings against Santos for alleged breaches of important record keeping obligations relating to the Day Ahead Auction for gas pipeline capacity, and secured Federal Court ordered penalties totalling \$2.75 million
- instituted proceedings against Jemena subsidiaries for alleged large-scale failures to submit accurate auction quantity limits to AEMO for four pipelines and failure to ensure auction services were correctly scheduled for three pipelines
- received payment from Jemena Northern Gas Pipelines totalling \$135,600 for two infringement notices and accepted a court enforceable undertaking for alleged breaches relating to Gas Bulletin Board obligations
- instituted proceedings in the Federal Court against Callide Power Trading for alleged failures to comply with its performance standards for the Callide C power station
- received payment from CS Energy totalling \$67,800 for an infringement notice issued for an alleged breach of operating a generating system without the required regulatory approval
- accepted a court enforceable undertaking from Evoenergy to address concerns that Evoenergy breached its ring-fencing obligations.

Compliance and enforcement outcomes remain one of the key tools in the AER's regulatory toolkit, which are deployed with the aim of ensuring that energy consumers are better off, now and in the future. As our energy market transitions, the Report shows that the AER remains vigilant and takes timely and proportionate enforcement action.

If you have any queries in relation to the new priorities or the Report, please contact us at AERCompliance@aer.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Clare Savage', with a stylized flourish at the end.

Clare Savage
Chair