

17 April 2024



Rowena Park
General Manager, Compliance and Enforcement
Australian Energy Regulator
[REDACTED]
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Dear Ms Park

Ausgrid response re AER Compliance Procedures and Guideline Review

Ausgrid welcomes the opportunity to respond to the Australian Energy Regulator's (AER) Compliance Procedures and Guideline Review (**the Review**). Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter.

Ausgrid supports the Review and makes the following comments and recommendations:

- **Streamlining reporting:** The AER has taken meaningful steps to streamline reporting. Ausgrid strongly supports this approach. For example, removing the need for quarterly reporting and only requiring regulated entities to report half-yearly.
- **Material breaches:**
 - **Comprehensive assessment methodology:** Ausgrid takes adopting a comprehensive assessment methodology to mean that regulated entities should ensure compliance management processes and assessment methodology is consistent with ISO: 37301:2023;
 - **Case studies:** The AER should provide a Guidance Note to stakeholders to provide case studies of what the AER considers to be a 'material breach'. While the high-level principles are helpful and guidance provided at *A.3 to the draft Procedures and Guideline*, we understand that customers' and the AER's view of a material breach will be relative to the circumstances of the case including the number of customers impacted and the types of customers impacted. Therefore, providing case studies will better enable regulated entities' Compliance Teams to implement controls within their organisations to mitigate the risk of material breaches occurring and identify / report on instances of material breaches. For example, it is unclear how 'adverse public reaction arising from failure to meet community expectations' would apply to regulated entities as a breach of the procedures and guidelines;
- **Audit processes:** We recommend that the AER provide regulated entities with reasonable notice of AER requests for regulated entities to be audited, e.g. 10 business days; and
- **AER portal:** Ausgrid supports the AER introducing a new AER Portal to report compliance breaches, replacing the Compliance Reporting Template. However, Ausgrid would like to understand the AER's timeline for design, implementation and testing the AER Portal with regulated entities. We recommend that the AER implement strong user access controls to

ensure high levels of security to access the portal. For example, request a list of names from regulated entities of persons who can submit reports from regulated entities.

Ausgrid would like to re-confirm its request to the AER to be involved in the design, implementation and testing trials. A key factor Ausgrid would like to understand is how the process can mitigate double handling of internal and AER reporting to ensure consistency where practicable.

Ausgrid would be happy to discuss its submission with the AER. Please contact [REDACTED], Manager Regulatory Policy on [REDACTED] or [REDACTED].

Regards,

[REDACTED]

Fiona McAnally
Acting Head of Regulation