

19 April 2024



By email: aercompliance@aer.gov.au

Jemena Gas Networks
(NSW) Ltd
ABN 87 003 004 322

Rowena Park
General Manager, Compliance and Enforcement
Australian Energy Regulator
GPO Box 3131
Melbourne VIC 3001

Level 14
99 Walker St
North Sydney NSW 2060
PO Box 1220
North Sydney NSW 2060
T +61 2 9867 7000
F +61 2 9867 7010
www.jemena.com.au

Dear Rowena

AER - Draft Compliance Procedures and Guidelines

Jemena welcomes the opportunity to make this submission in response to the Australian Energy Regulator's (**AER**) consultation paper on the Draft Compliance Procedures and Guidelines (**draft Guidelines**) for regulated entities.

We are supportive of the AER's overall approach to amending the draft Guidelines to improve the quality of reports submitted to the AER. In particular, Jemena supports the following elements from the draft Guidelines:

1. Reducing the frequency of quarterly reporting to minimise the overall reporting burden.
2. De-energisation reporting clarification, where a de-energisation breach that is reported on an immediate basis is not required to be reported again in the half-yearly (currently quarterly) report.
3. Streamlining the half-yearly obligation on distributor interruption to supply which has removed Rules 88 and 89 as reportable obligations.
4. Modifying Section 4 of the draft Guidelines in relation to compliance audit, which allows more flexibility in relation to the timing and provision of certain information, such as flexibility to negotiate a time frame to provide the audit proposal and the final audit report.
5. Streamlining the submission process via an AER portal that is assessable on the AER's website. This provides a more efficient process for distributors to submit compliance reports.

Jemena's comments in relation to the AER's consultation questions are detailed in **Attachment A**. Should you have any questions regarding this submission, please contact Ju-Ai Ng, Senior Regulatory & Compliance Analyst, a [REDACTED].

Yours sincerely

[REDACTED]

Catherine Chen
Regulatory & Compliance Manager

Attachment A – Feedback on draft Guidelines

Appendix A.3 - Material breach report - guidance

- Table 5 - Guidance for determining if a breach is material

In Table 5, the AER proposes that a breach is determined to be material if the “*actual or likely harm to consumer is significant, for example the event caused a loss of supply for a protracted period, such as greater than 26 hours*”. We note that there are instances where the loss of supply may be more than 26 hours. For example, the affected customer might not be on the premises at the time of the supply interruption and Jemena would only be made aware of the loss in supply once this has been reported by the customer. This is because we do not have real time visibility of the network to identify a loss of supply to individual customers. Section 3.2 of the AER’s Draft Explanatory document mentions that “*The proposed material breach reporting requirement is activated when the regulated entity becomes aware of a breach or potential breach of a relevant obligation that will likely have a material adverse impact on consumers or the NEM*”. We suggest this statement be included in the draft Guidelines so as to provide clarity on the classification of a material breach for a supply interruption event that exceeds 26 hours.