

Your Ref: ERC0187

Our Ref: 57992-D16/8468

Contact Officer: Joanna Gall

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10 February 2016

John Pierce

Chairman

Australian Energy Market Commission

PO Box A2449

SYDNEY SOUTH NSW 1235

Dear Mr Pierce

Re: Submission on National Electricity Amendment - Compliance with dispatch instructions (Draft Determination)

The AER welcomes the opportunity to respond to the AEMC's draft determination concerning the Compliance with dispatch instructions rule change proposal.

We support the AEMC's draft determination. In line with the draft determination, given our compliance and enforcement approach we consider there is a sufficient level of certainty regarding the requirements of 4.9.8(a).

We also agree with the AEMC's conclusion that an assessment of regulatory certainty should be based both on the relevant requirement under the National Electricity Rules and our approach to enforcing them. The AER's Compliance and Enforcement Statement of Approach is central to how we exercise our discretion across all of our compliance and enforcement activities. We recognise the importance of a consistent and clear approach; our past activities in this area demonstrate this. We will continue to apply this approach but remain sufficiently flexible to adapt our approach in light of changing legislation, jurisprudence or market conditions.

At the conclusion of this consultation process, the AER proposes to publish an updated 'Compliance with Dispatch Instructions, Offers and Bids' compliance bulletin. For ease of reference we have reattached the draft bulletin contained in our previous submission. This revised bulletin is not a fundamental change in our approach but it provides greater clarity around our approach to enforcing the suite of obligations captured by subclauses 4.9.8(a)-(e), along with lessons learnt from our enforcement activities since the bulletin was first published. We consider the draft bulletin will improve participants' with a better understanding of our approach to monitoring compliance with these obligations. Our compliance bulletins should always be read in conjunction with our Compliance and Enforcement Statement of Approach.

We also note the AEMC has highlighted the importance of the current obligation with regard to system security and market efficiency outcomes which are in the long term interests of consumers - we agree with those conclusions. As always, the importance of these outcomes will continue to inform our compliance and monitoring activities in this area.

Please contact Peter Adams, General Manager of Wholesale Markets, on (03) 9290 1465 if you would like to discuss any aspect of this submission.

Yours sincerely

Paula Conboy

Chair

Australian Energy Regulator