



Quarterly Compliance Report

July – September 2008

November 2008

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Glossary

ACCC	Australian Competition & Consumer Commission
AER	Australian Energy Regulator (see www.aer.gov.au)
Bulletin Board	The Natural Gas Services Bulletin Board established under Chapter 7 of the NGL
DNSP	Distribution Network Service Provider
Electricity Regulations	The National Electricity (South Australia) Regulations made under the National Electricity Act
FRMP	Financially Responsible Market Participant (within the meaning of the NER)
Gas Regulations	The National Gas (South Australia) Regulations made under the National Gas Act
IT	Information Technology
LBSP	Local Black System Procedures (for the purposes of the NER)
LNSP	Local Network Service Provider
MMS	Metering Management System
MSOR	The Victorian Gas Industry Market and System Operations Rules made under the <i>Gas Industry Act 1994</i> (Victoria)
MW	Megawatt
National Electricity Act	National Electricity (South Australia) Act 1996 (South Australia)
National Gas Act	National Gas (South Australia) Act 2008 (South Australia)
NEL	National Electricity Law (a Schedule to the National Electricity Act)
NEM	The National Electricity Market being the electricity wholesale exchange operated and administered by NEMMCO, and the national electricity system, which covers the following regions as at 1 July 2008: New South Wales, Queensland, South Australia, Victoria and Tasmania
NEMMCO	National Electricity Market Management Company
NER	The National Electricity Rules made under Part 7 of the NEL

NGL	National Gas Law (a Schedule to the National Gas Act)
NGR	The National Gas Rules made under Part 9 of the NGL
NSP	Network Service Provider
registered participants	A person who is registered by NEMMCO in any one or more of the categories listed in clauses 2.2 to 2.7 of the NER (see NEMMCO's Registration and Exemption lists)
RIEMNS	Review of Integration of Energy Market and Network Services
RP	Responsible Person (within the meaning of the NER)
TNSP	Transmission Network Service Provider
\$5,000/MWh report	Reports issued by the AER under clause 3.13.7(d) of the NER

Summary

The purpose of this Quarterly Compliance Report is to summarise the results of the compliance monitoring and enforcement activities undertaken by the Australian Energy Regulator (AER) during the quarter from July to September 2008.

To date, these reports have focussed on the electricity industry under the jurisdiction of the AER. As of 1 July 2008, the AER was conferred additional functions and powers under national gas legislation. Part 3 of this report introduces the AER's role and activities in the national and Victorian gas industries. Future reports will report more extensively on gas industry matters.

The remaining parts of this report relate to electricity. Part 4.1 provides an update regarding AER investigations, which relate to:

- Generators following dispatch instructions and the use of the inflexibility provisions of the National Electricity Rules (NER) in Queensland in October and November 2007;
- Generators rebidding in good faith and the use of the inflexibility provisions of the NER in Queensland and South Australia between January and March 2008;
- the reduction in the transfer limits of the Heywood Interconnector.

Part 4.1 also refers to \$5,000/MWh reports, which are published whenever the electricity spot price¹ exceeds \$5,000/MWh. In this quarter, the AER published one such report relating to events that occurred on 23 July 2008.

Part 4.2 summarises the compliance audit process relating to generator and Transmission Network Service Provider (TNSP) technical performance standards and associated compliance programs, which resulted from the AER's investigation into the events of 16 January 2007.

Part 4.3 outlines the outcomes of the AER's targeted review of specific NER provisions in the present and past quarters, as well as future areas for review. During this quarter, the AER targeted 7 provisions of the NER relating to:

- Classification of non-scheduled generators;
- Market information on planned network outages;
- Complying with directions and clause 4.8.9 instructions;
- System restart plan and local black system procedures (LBSP);
- Metering Providers' (MPs) qualifications and registration;
- Metering data changes;
- Confidentiality policy by the National Electricity Market Management Company (NEMMCO).

¹ The spot price for electricity in a trading interval is the average of the six 5-minute dispatch prices determined in accordance with clause 3.9.2 of the NER.

Part 4.4 reports on the impact of jurisdictional derogations. There were no compliance issues reported by the Smelter Traders, Power Traders and Nominated Generators covered by derogations under Chapter 9 of the NER.

Finally, part 4.5 reports on the 14 instances identified by the AER when the quality of the reasons provided for rebids was in question.

The matters covered in this quarterly compliance report are summarised in the following table. The summary table and appendices of this report now list both gas and electricity compliance and enforcement activities undertaken by the AER during the reporting period.

Summary table

Enforcement / Compliance activity	Matter	Status / Outcome
Gas investigations	Natural Gas Services Bulletin Board (Bulletin Board) information provision	Industry guidance provided by AER.
Electricity investigations	Market events of 8, 10 and 29 October and 4 November 2007	AER is considering dispatch issues, which arose in October 2007; this investigation remains ongoing.
	Market events of January and February 2008	AER is considering issues related to rebidding and dispatch inflexibility; this investigation remains ongoing.
	Interconnector transfer limits reduction	AER has sought and received further information from ElectraNet and is reviewing this with NEMMCO; investigation remains ongoing.
\$5,000/MWh reports	Market events where the electricity spot price exceeds \$5,000/MWh	1 report issued this quarter.
Audits	Generator and TNSP technical performance compliance programs	Release of audit reports to relevant registered participants; audit findings to form basis of the AER's contribution to developing technical compliance programs guidelines.
Targeted compliance reviews	Classification of non-scheduled generators	No apparent compliance issues; further information pending from 1 Registered Participant
	Market information on planned network outages	Review ongoing with information pending from Registered Participants
	Power to issue directions and clause 4.8.9 instructions	No apparent compliance issues
	System restart plan and local black system procedures	No apparent compliance issues
	Qualifications and registration of Metering Providers	No apparent compliance issues
	Changes to metering data	No apparent compliance issues
	Confidentiality policy	Policies and related arrangements put in place by NEMMCO; no apparent compliance issues
Jurisdictional derogations reviews	Derogations relating to Smelter Traders, Power Traders and Exempted Generator Agreements	No compliance issues reported
Market Monitoring	Rebidding inquiries	14 rebids under consideration, with further information sought from relevant registered participants, where appropriate

1 Introduction

The AER is responsible for compliance monitoring, reporting and enforcement of the Australian energy industry.

Specifically, the AER has had regulatory oversight of the National Electricity Market (NEM) since 1 July 2005 and parts of the national gas industry since 1 July 2008. Section 15 of the National Electricity Law (NEL) and section 27 of the National Gas Law (NGL) set out the functions and powers of the AER which include a requirement to:

- (a) monitor compliance by energy industry participants and other persons; and
- (b) investigate breaches or possible breaches of provisions of the legislative instruments under the AER's jurisdiction.

In carrying out its compliance monitoring and enforcement role, the AER aims to assist energy industry participants achieve high levels of compliance with the:

- NEL, Electricity Regulations and NER that apply to the electricity industry;
- NGL, Gas Regulations and the National Gas Rules (NGR) that apply to the gas industry;
- Market and System Operations Rules (MSOR)² that apply to the Victorian gas industry.

This report provides an overview of the AER's approach to compliance monitoring and a summary of compliance outcomes and enforcement activities undertaken by the AER during the period July to September 2008.

The AER would like to hear from electricity and gas industry participants and other interested parties on any matters of compliance, including the specific areas targeted or proposed to be targeted for review.

² At present, the AER assists the Australian Competition & Consumer Commission (ACCC) to undertake this function. Under proposed amendments to the national gas legislation to incorporate the MSOR expected in 2009, the AER will become responsible for monitoring and enforcing the MSOR.

2 Compliance monitoring and enforcement strategy

The aim of the AER's compliance monitoring and enforcement strategy is to build a culture of corporate compliance within the Australian energy industry.

Industry participants with sound compliance cultures reduce their risk of breaching legislative obligations and potentially the size of penalties in the event of a breach. Having a strong culture of compliance is also in the best interests of industry in that, the likelihood and impact of any non-compliant conduct will be reduced.

The AER issued a "Compliance and Enforcement – Statement of Approach"³, which aims to provide greater transparency about the AER's compliance monitoring and enforcement strategy within the NEM. In developing this strategy, the AER undertook a comprehensive compliance risk assessment by reviewing each of the 1500 provisions in the NER. This risk assessment assists with determining:

- areas of focus;
- which monitoring mechanism to use for each provision;
- the intensity of monitoring; and
- the appropriate enforcement response where breaches are identified.

The new gas functions and powers conferred on the AER on 1 July 2008 represent a major extension of the AER's responsibilities and consideration is being given on how best to meet these responsibilities. The AER will adopt an approach to gas industry compliance monitoring and enforcement that is consistent with its approach to electricity, but the approach will be tailored to reflect differences between the gas and electricity industries.

The AER is currently reviewing its compliance monitoring and enforcement strategy, with a view to accommodate its new gas functions. A major element of this review is to extend the compliance risk assessment so that it also covers each provision in the NGR and the MSOR. Once this review is complete, the AER will issue an updated version of its Statement of Approach.

The compliance monitoring mechanisms presently available to the AER include: audits, targeted compliance reviews, market monitoring, and reporting requirements. In carrying out its monitoring functions, the AER aims for:

- consistency in monitoring over time;
- no unnecessary discrimination between registered participants;
- cost effective monitoring for energy industry participants and the AER; and
- transparency, with information published or otherwise made available to the market, subject to any confidentiality requirements.

³ See <http://www.aer.gov.au/content/index.phtml/itemId/685897/fromItemId/656069>.

3 Gas

On 1 July 2008, the AER became responsible for monitoring, investigating and enforcing compliance under national gas arrangements. The AER has functions at the national level under the NGL and NGR, and also, in assisting the ACCC, in Victoria under the MSOR.

Notwithstanding the work to formalise the gas compliance monitoring framework, the AER is already monitoring compliance in relation to gas, as detailed below.

In future, the AER will produce Quarterly Compliance Reports that report more extensively on gas matters and provide information on any compliance and enforcement activities in the national and Victorian gas industries.

3.1 Investigations

The AER undertakes investigations in accordance with its functions and powers under section 27 of the NGL. Where the AER's monitoring identifies potential breaches of relevant legislative instruments, an investigation is conducted to establish the existence, nature and extent of any breach.

Information gathering powers under sections 35 and 42 of the NGL allow the AER to obtain search warrants and to compel the production of information and documents that are relevant to its monitoring and enforcement functions. Information will usually be sought on a voluntary basis in the first instance.

This part of the report provides an update on any gas compliance issues which occurred during the September 2008 quarter. **Appendix A** of this report lists the investigations undertaken and reports issued by the AER concerning events in those sectors of the national gas industry that fall under the AER's jurisdiction.

3.1.1 Moomba plant outage of 10 August 2008

Following a plant outage at Santos' Moomba production facility on 10 August 2008, the AER ascertained that Santos took almost 24 hours to update the 3-day capacity outlook on the Bulletin Board for the Moomba production facility.

The AER also ascertained that APA and Epic Energy, while waiting for further information from Santos, similarly took around 24 hours to change the linepack⁴ capacity adequacy indicators (LCA flags⁵) on the Bulletin Board for their pipelines. As a result of this, the AER sought information from a number of gas industry participants to assess compliance with obligations to make information available via the Bulletin Board.

⁴ Generally, the amount of gas in a pipeline.

⁵ Defined under the NGR as a green, amber or red flag indicating the actual or expected capability of the Bulletin Board pipeline to meet the aggregated delivery nominations for the Bulletin Board pipeline for that gas day based on the pipeline's linepack and capacity.

The obligations to provide and update information on the Bulletin Board contained in the NGR and associated procedures exist to facilitate trade within the Australian gas industry. This objective could be compromised if such obligations are not complied with.

Following its enquiries, the AER decided not to pursue this matter further, given that the Bulletin Board was established only recently and participants are still coming to terms with the legal and practical implications of their Bulletin Board obligations.

The AER has issued a letter to Bulletin Board users setting out its expectation that, in future, Bulletin Board facilities⁶ will update relevant information on the Bulletin Board as soon as possible after the occurrence of an event that affects the accuracy of that information.

⁶ Defined under the NGR as Bulletin Board pipelines, Bulletin Board storage facilities or Bulletin Board production facilities.

4 Electricity

The AER is responsible for monitoring, investigating and enforcing compliance in the national electricity arrangements. The AER has functions at the national level under the NEL and NER.

4.1 Investigations and \$5,000/MWh reports

The AER undertakes investigations in accordance with its function and powers under section 15 of the NEL. Where monitoring identifies potential breaches of the NEL, Electricity Regulations or NER, an investigation is conducted to establish the existence, nature and extent of any breach.

Information gathering powers under sections 21 and 28 of the NEL allow the AER to obtain search warrants and to compel the production of information and documents that are relevant to its monitoring and enforcement functions. The AER will usually seek information on a voluntary basis in the first instance.

This part of the report provides an update on:

- the outcomes during the quarter arising from past investigations;
- any market events which occurred during the September 2008 quarter; and
- reports issued by the AER regarding market events where the spot price exceeded \$5,000/MWh.

Appendix A of this report lists the investigations undertaken and \$5,000/MWh reports issued during the previous 4 quarters.

4.1.1 Investigation into the events of October and 4 November 2007

The investigation into the events of 4 November 2007, as reported in previous publications, remains ongoing. In addition, the other apparent failures to follow dispatch instructions during October in Queensland are being considered.

4.1.2 Investigation into rebidding and dispatch inflexibility

Investigations into potential NER breaches by certain registered participants during the high price events that occurred in the March 2008 quarter remain ongoing.

4.1.3 Investigation into interconnector transfer limits

The investigation relates to the reduced import capability of the Heywood Interconnector in South Australia. The AER is focusing on specific operational and reporting obligations of TNSP's to ensure full reporting occurs in the event of significant network capability changes such as in this instance. After reviewing information received from ElectraNet, AER staff met with ElectraNet to discuss potential shortcomings in the process associated with the Heywood Interconnector's derating.

One of the factors contributing to the derating has been the increase in the maximum capacity of the Northern Power Station, which is the largest generator in South Australia. The AER is therefore also examining the process of registration of

generating units and revisions to connection agreements in the context of the impact on network transfer capabilities. The AER is consulting with NEMMCO on the matter.

4.1.4 Spot price events exceeding \$5,000/MWh

The AER is required to publish a report covering the circumstances in which the spot or the market ancillary services⁷ price exceeded \$5000/MWh in a trading interval⁸, pursuant to clause 3.13.7 (d) and (e) of the NER. These reports provide greater transparency regarding the operation of the NEM and assist with the identification of instances of non-compliance.

The spot price exceeded \$5,000/MWh in New South Wales, Queensland, South Australia and Victoria on 23 July 2008 during a period of winter high demand for electricity. This high price event was primarily caused by an unplanned network outage in the Latrobe Valley in Victoria resulting in the spot price exceeding \$8000/MWh for one trading interval. Raise contingency ancillary services exceeded \$5000/MWh in six trading intervals during the period. On the mainland this was driven by the large requirements that were needed as a result of the unplanned network outages. In Tasmania, however, rebidding was a significant factor that contributed to market ancillary service prices exceeding \$5000/MWh.

As a result of this event, information was sought from SP AusNet in relation to the unplanned network outage and from Hydro Tasmania in relation to rebidding in the ancillary services markets. The AER is reviewing the information received and will consider the matter further following a review of the Operating Incident Report currently being prepared by NEMMCO in accordance with clause 4.8.15 of the NER.

A list of the \$5,000/MWh reports published by the AER during the previous four quarters is attached in **Appendix A**. Copies of the reports are also available on the [AER website](#).

⁷ Market ancillary services are required to maintain the power system frequency within the standard. These services are offered into the market systems by registered providers (usually generators) along with energy market offers from the same provider and dispatched by NEMMCO in each 5-minute dispatch interval.

⁸ A trading interval is a 30-minute period ending on the hour (Australian Eastern Standard Time) or on the half hour and, where identified by a time, means the 30 minute period ending at that time.

4.2 Audits

Auditing is one of the mechanisms used by the AER to assess compliance with the NER. The AER conducts audits to verify and assess compliance by registered participants with their obligations under the NEL, the Electricity Regulations and the NER.

There are two main types of audits:

- audits of registered participants' internal systems and processes;
- technical audits focusing on compliance with technical standards under the NER.

The following part of the report provides an update on auditing activities during the quarter.

4.2.1 Technical standards

In late 2007, the AER engaged consultants to conduct a series of technical audits involving four generators and one Network Service Provider (NSP) regarding technical performance standards and associated compliance programs required under the NER. This followed from the investigation into the events of 16 January 2007 in Victoria.

Two primary objectives of these audits were:

- to assess compliance with the NER provisions that were being targeted in the context of these audits, as well as the effectiveness of registered participants' processes, arrangements and methods in this area; and
- where possible, to provide industry participants with guidance regarding how to achieve best practice to ensure compliance with those provisions in the future.

A further objective was to independently determine what constitutes "good electricity industry practice" for generators' performance standards compliance programs under the NER, in particular identifying:

- each specific technical requirement of the performance standard;
- compliance issues arising from the requirement;
- the type of monitoring, testing and modelling regime to suit the requirement; and
- an appropriate timeframe to conduct tests;

The intent of the performance standards compliance programs is to provide a reasonable assurance of ongoing compliance with each element of the registered performance standards.

The consultants delivered their audit reports in June 2008. The following sub-sections of the report provide an overview of the different facets of the technical audits undertaken.

Audits of generators

In its investigation report into the events of 16 January 2007, the AER noted that four generators experienced technical difficulties during those events – specifically: Torrens Island A and Port Lincoln in South Australia, and McKay Creek and Hazelwood in Victoria. However, there was not sufficient technical information to clearly indicate whether or not these or other generators had failed to satisfy the NER.

The investigation report stated that, in this instance, the AER would not pursue this matter further or take enforcement action for any failure by generators to comply with the relevant technical performance standard requirements for the following reasons:

- the events of 16 January occurred during a transitional process for the review and formalisation of technical performance standards; and
- post-event reviews of the incident indicated a commitment by the relevant generators to incorporate the lessons learnt from the events into their compliance programs to help reduce the likelihood of breaches in the future.

At the time the report was published, the transitional phase for the review of the technical performance standards regime had ended. Accordingly, the AER indicated in its report that it would commence auditing generators' performance standards compliance programs to assess compliance with the relevant provisions of Chapters 4 and 5 of the NER, starting with generators who appeared to experience technical difficulties on 16 January.

The generator audits were aimed at assessing the generators' compliance programs, required under clause 4.15 of the NER. Clause 4.15 requires a generator to ensure that its plant meets or exceeds the performance standard that has been registered for that plant. NEMMCO takes into account the registered performance standards of generators in its operation of the market to ensure the integrity of the power system. Clause 4.15 also requires generators to institute and maintain a compliance program to:

- monitor the performance of the plant in accordance with the provisions of the compliance program;
- ensure that the plant complies with the relevant registered performance standards;
- be in accordance with "good electricity industry practice"; and
- provide reasonable assurance of ongoing compliance with each applicable performance standard.

Consultants' findings - generators

In summary, the consultants found that:

- more resources were dedicated to ensuring compliance with applicable technical requirements by large thermal plants than by smaller peaking load plant;
- all four audited generators had difficulty establishing compliance and assuring ongoing compliance with their performance standards for some requirements including those related to response to disturbances, load rejection and auxiliary transformers;

- some technical requirements were considered ambiguous and, therefore, it was difficult for the audited generators to establish compliance;
- in general, all four audited generators met “good electricity industry practice” standards for compliance programs relating to generators’ technical performance standard requirements, with one generator exceeding such standards.

Audit of SP AusNet

In its 16 January 2007 investigation, the AER found that, while there were problems with the load shedding process on the day, those problems were not the result of non-compliance with the relevant performance standards by SP AusNet, the owner and operator of the relevant network assets. The relevant performance standards relate to protection control systems and load shedding facilities.

Nevertheless, VENCORP’s report, which was prepared in accordance with its obligations under the Victorian Electricity Code, concluded that the control and protection systems for a number of SP AusNet’s capacitor banks did not always operate as per their design. Accordingly, the investigation report stated that SP AusNet’s compliance with its obligations under clause 5.7.4 of the NER (concerning testing of protection equipment) would be audited.

Under this NER clause, NSPs must institute and maintain a compliance program to ensure that their protection and control facilities operate reliably and in accordance with the relevant performance requirements contained in schedule 5.1 of the NER. The compliance program must:

- include monitoring of the performance of the facilities;
- to the extent reasonably necessary, include provision for periodic testing of the performance of those facilities upon which power system security depends;
- provide reasonable assurance of ongoing compliance of the facilities with the relevant performance requirements of schedule 5.1; and
- be in accordance with “good electricity industry practice”.

Consultants’ findings - SPAusnet

In summary, the consultants found that:

- the shared responsibilities in Victoria between VENCORP and SP AusNet make responsibility for ensuring compliance with specific obligations under the NER less clear, although arrangements between the two bodies and additional obligations under the Victorian System Code appear, in part, to address some of these uncertainties;
- SP AusNet’s compliance program provides for effective monitoring of and reasonable assurance of ongoing compliance with NER requirements relating to the performance of SP AusNet’s transmission protection and control systems;
- SP AusNet’s compliance program meets “good electricity industry practice” standards.

Audit outcomes and future audit process

The technical audits, conducted following the AER review of the events of 16 January 2007, were the first of their type. While there were some limitations with this process, particularly with respect to the generators' performance standards compliance programs, the AER has nevertheless been able to largely meet its audit objectives and will rely on the audit outcomes, where relevant. The consultants' reports provide some useful findings regarding the adequacy of the audited participants' compliance programs. The experience gained during this audit process will be used to contribute to the development of guidelines for technical performance compliance programs for generators.⁹

With respect to the SP AusNet audit, while the consultants find that the compliance program of SP AusNet meets "good electricity industry practice" standards, there have been some incidents (such as the events of the 23 July 2008 incident that relates to an unplanned network outage in the Latrobe Valley in Victoria, as detailed in section 4.1.4 of this report), that raise some performance concerns. The AER will consider these concerns in the context of the above events.

Industry participants are expected to use their compliance programs effectively to prevent, and where necessary, identify and respond to, any non-compliance. For this to occur, an effective compliance program must have sound:

- structural (e.g. managerial responsibility and support for continuous improvement);
- operational (e.g. risk identification, operating procedures and reporting); and
- maintenance (e.g. education and training, internal review)

elements that, according to good practice¹⁰, encourage a culture of valuing compliance with obligations at all levels of the organisation.

In future, audits will be relied on more often as a means of determining compliance levels within the industry. This creates incentives for generators to have robust and effective compliance programs in place. While some audits will continue to require the engagement of expert consultants, the AER also intends to conduct aspects of future audits utilising the AER's own capabilities.

⁹ This task will be performed by the Reliability Panel as a result of the Australian Energy Market Commission's (AEMC) Rule determination and final Rule of 23 October 2008 on clause 4.15 of the NER. See <http://www.aemc.gov.au/electricity.php?r=20080228.150735>.

¹⁰ Refer to, for example, the Australian Standard AS3806-2008 "Compliance programs" for guidance.

4.3 Targeted compliance reviews

Targeted compliance reviews are an important element of the AER's broader compliance monitoring activities. A minimum of 24 NER provisions are targeted each year for detailed compliance reviews.

The provisions to be targeted are selected on the basis of the AER's compliance risk assessment described in part 2 of this report. **Appendix B** lists the NER provisions targeted during the previous 4 quarters.

NER provisions are selected for review in accordance with these principles:

- all relevant areas of the NER are considered and provisions with relatively high compliance risk are targeted as a matter of priority;
- both systemic issues and the potential for isolated but significant incidents are addressed;
- there is no unnecessary discrimination between registered participants, which are generally selected at random.

The primary aims of targeted compliance reviews are to determine:

- registered participants' understanding of their obligations under the NER; and
- what systems and processes, including compliance programs and plans, registered participants have in place to deal with their obligations.

While the majority of obligations under the NER do not require registered participants to establish specific compliance programs, the AER will take into account a participant's compliance culture in determining its enforcement response to breaches.

In assessing participant's compliance, the AER will, amongst other things, consider systems and processes in place, whether they are effectively applied and regularly updated and tested.

In the quarter ending September 2008, the following NER provisions were targeted for review:

- Classification of non-scheduled generators (clause 2.2.3);
- Market information on planned network outages (clause 3.7A);
- Compliance with directions and clause 4.8.9 instructions (clause 4.8.9);
- System restart plan and local black system procedures (clause 4.8.12);
- Qualifications and registration of Metering Providers (clause 7.4.2);
- Changes to metering data (clause 7.8.4);
- Confidentiality policy (clause 8.6.6).

4.3.1 Classification of non-scheduled generators

This provision relates to generators whose generating units or systems are classified as non-scheduled in accordance with Chapter 2 of the NER. Unlike scheduled generators, non-scheduled generators¹¹ are generally not required to respond to dispatch instructions from NEMMCO.

Sub-clause 2.2.3(b) of the NER states, among other things, that a person must not classify a generating unit as a non-scheduled generating unit without NEMMCO's approval. Sub-clause 2.2.3(c) states that if, in relation to an application under sub-clause 2.2.3(b), in NEMMCO's opinion it is necessary for any reason (including power system security) for the relevant Generator to comply with some of the obligations of a Scheduled Generator or Semi-Scheduled Generator for that generating unit, NEMMCO may approve the classification on such terms and conditions as NEMMCO considers reasonably necessary; further, sub-clause 2.2.3(d) requires compliance with any such terms and conditions.

The AER sought information from Country Energy, Hydro Tasmania¹² and Infratil Energy Australia. The portfolio of the latter two participants includes generating units or systems that are both scheduled and non-scheduled, whereas Country Energy only has non-scheduled generating units or systems. The information sought included:

- details of any instances when the participants sought approval from NEMMCO for the classification of a generating unit as a non-scheduled generating unit;
- details of any terms and conditions imposed by NEMMCO, including details of the systems or procedures in place to ensure compliance with any such terms and conditions, and details of any non-compliance in this regard.

Country Energy

Country Energy advised that, in accordance with clause 2.2.3 of the NER and as a registered market participant, it has received the relevant registration authorisation from NEMMCO on all occasions for its non-scheduled generators.

NEM registration data indicates that Country Energy's portfolio comprises 11 non-scheduled generators with registered capacity ranging from 1 MW (Witwood Road Renewable Energy Plant in Queensland) to 80.5 MW (Lake Bonney Wind Farm in South Australia).

Country Energy listed the terms and conditions set by NEMMCO under sub-clause 2.2.3(c) with respect to the Broken Hill Gas Turbine power station Units 1 and 2. It advised that TransGrid was appointed as its Registered Participant Agent to coordinate the operations of those units, and that procedures are in place to ensure compliance with those terms and conditions.

¹¹ These registered generators often comprise a number of smaller generating units aggregated into one, such as: a wind farm comprising multiple units; small scale hydro systems; or open cycle engines

¹² Whose registered corporate name is Hydro Electric Corporation.

Finally, Country Energy also advised that it is not aware of any instances where it has failed to comply with such terms and conditions.

Hydro Tasmania

Hydro Tasmania advised that it sought the requisite NEMMCO registrations upon Tasmania entering the NEM in May 2005.

For the purposes of sub-clause 2.2.3(c) of the NER, NEM registration data indicates that, in total, Hydro Tasmania's portfolio comprises 8 non-scheduled generators with capacity ranging from 2.5 MW (Terminal Storage Mini Hydro in South Australia) to 140 MW (Woolnorth Bluff Point Wind and Studland Bay Farm in Tasmania). In both instances, Hydro Tasmania is the registered intermediary.

Hydro Tasmania advised that, for its non-scheduled generating units other than the stated wind farm, NEMMCO has not imposed terms and conditions pursuant to clause 2.2.3(c) of the NER. Hydro Tasmania also advised that it has written to the owner of Woolnorth Bluff Point Wind Farm to address the AER's compliance review queries.

Infratil Energy Australia

In its response, Infratil Energy Australia advised that, in accordance with clause 2.2.3 of the NER, it has 4 non-scheduled generators with a registered capacity from just over 1 MW (Awaba and Remount Power Stations in New South Wales and Tasmania for which IEA is the FRMP and intermediary) to 29 MW (Hunter Economic Zone Power Station in New South Wales).

Attached with the response were registration confirmation letters from NEMMCO, which do not include any terms and conditions under sub-clause 2.2.3(c) for any of Infratil Energy Australia's non-scheduled generators.

Infratil Energy Australia also advised that there have been no breaches of the NER provision under review.

Review outcomes

The public [registration and exemption lists](#), maintained by NEMMCO, sets out all participants who have registered scheduled and non-scheduled generating units in the NEM.

The compliance review of clause 2.2.3 has not revealed any apparent compliance issues in terms of compliance with any terms and conditions imposed by NEMMCO on the non-scheduled generators reviewed.

The AER will follow-up Hydro Tasmania for a complete response. Where the ownership or operations of a plant is with parties other than the entity registered for that plant, the registered participant is and remains ultimately responsible for compliance with any applicable NER obligation.

4.3.2 Market information on planned network outages

Clause 3.7A of the NER sets out planned network outage information requirements for TNSPs, the objective of which is to provide market participants with sufficient information to enable them to make projections of market outcomes, including projections of inter-regional settlement residues, and decisions with respect to hedge contracts and other financial risk management tools. TNSPs meet the requirements of clause 3.7A(c) by submitting information to NEMMCO which is made available in the form of Review of Integration of Energy Market and Network Services (RIEMNS) reports.

The AER first targeted clause 3.7A of the NER for review in the quarter ending 30 June 2006. At that time, the AER concluded that the relevant TNSPs were aware of their obligations under this clause and that appropriate strategies and plans were in place to ensure ongoing compliance.

Monitoring activities have since identified potential issues with the timeliness and completeness of these reports submitted by some TNSPs. As a consequence of this, the AER has written to all TNSPs reminding them of their obligations under this clause. Further, the five major TNSPs (ElectraNet, Powerlink, SP AusNet, Transend and TransGrid) have been required to review and provide an update on their compliance arrangements with respect to these RIEMNS obligations.

The AER will consider and publish outcomes in the next quarter.

4.3.3 Power to issue directions and clause 4.8.9 instructions

The AER has conducted a review of the obligations under clauses 4.8.9(c) - (e) of the NER in the last two quarters. In this quarter, the review was extended to Origin Energy. As previously, the information requested included the following:

- details of the systems or procedures that are in place to ensure compliance with directions issued under clause 4.8.9;
- details of any criteria used to determine whether complying with a direction issued by NEMMCO would be a hazard to public safety or materially damage equipment, or contravene any law.

Response summary

Origin Energy

Origin Energy advised that it has in place an instruction to its trading team on the process to be followed where NEMMCO issues a direction, with communications between the trading team and NEMMCO taking place as soon as possible in all circumstances.

Origin Energy informed that the final decision regarding safety, machine integrity or legal compliance arising from an eventual direction that would cause a hazard to public safety, material risk of damaging equipment or a contravention of any law, is made by the Site Superintendent.

Origin Energy claimed that there have never been any instances of non-compliance with a direction under clause 4.8.9.

Review outcomes

While Origin Energy has not provided any details of the criteria used, the AER notes Origin Energy's advice that it has a trading instruction in place and related arrangements that appear to meet the requirements of clause 4.8.9 of the NER. The AER also notes Origin Energy's advice that there have been no instances of non-compliance in this context.

Based on the information provided by all targeted registered participants to date, the compliance review of clause 4.8.9 of the NER has not revealed any issue of concern. As a result, the AER does not intend to extend this review to other participants in the next quarter. Compliance with clause 4.8.9 will be reviewed in future quarters as required.

4.3.4 System restart plan and local black system procedures

In the quarter ending March 2008, the AER conducted a compliance review of clause 4.8.14 of the NER relating to compliance with the above procedures in the event that the power system must be restarted as a result of a complete shutdown. The compliance report for that quarter provides background regarding this area of regulation, including confirmation that NEMMCO published relevant guidelines in July 2006.

Clause 4.8.12 of the NER relates to the above procedures':

- development (sub-clauses (d) and (f));
- approval (sub-clause (g));
- review (sub-clause (d)); and
- amendment (sub-clauses (h) and (i)).

Loy Yang Marketing Management Company (LYMMCo) was requested to provide the following information:

- confirmation that it has developed and submitted to NEMMCO local black system procedures (LBSP) in accordance with the guidelines published by NEMMCO and the requirements of sub-clause 4.8.12(f);
- confirmation that its LBSP are consistent with any ancillary services agreement to provide system restart ancillary services to which LYMMCo is a party; and
- confirmation that it follows all instructions from NEMMCO regarding reviewing and amending its LBSP, in compliance with sub-clauses 4.8.12(d), 4.8.12(h) and 4.8.12(i).

Response summary

Loy Yang Marketing Management Company (LYMMCo)

LYMMCo's response provided background information on its implementation of a LBSP, which has been reviewed and approved by NEMMCO in accordance with clauses 4.8.12 of the NER.

LYMMCo has also indicated that, while it has been attempting to establish a primary restart system, it is not a signed party to any system restart ancillary services and that any changes in its status would lead to changes to its LBSP, as required.

Finally, LYMMCo advised that it is not aware of any instances of non-compliance with NER clause 4.8.12 and that it is an active member in power system restart discussions with NEMMCO, the Victorian TNSPs, VENCORP and SP AusNet, as well as the Victorian Government.

Review outcomes

Based on LYMMCo's information and given the advice that its LBSP was approved by NEMMCO, there appears to be no compliance issues in this instance.

The importance of LBSPs stems from the fact that they facilitate the restoration process in the event of a total shutdown or black system event within the NEM. Given this, the AER will continue the review of this NER provision in the next quarter by targeting other registered participants.

4.3.5 Qualifications and registration of Metering Providers

Chapter 7 of the NER establishes a framework that applies to metering arrangements within the NEM. ActewAGL and Aurora Energy, in the Australian Capital Territory and Tasmania respectively, are the Distribution Network Service Providers (DNSPs) targeted in this quarter for a compliance review of clause 7.4.2 of the NER.

Under sub-clause 7.4.2(bb), a Metering Provider must comply with the relevant provisions of the NER and procedures authorised under the NER, and with any requirements established by NEMMCO under sub-clause 7.4.2(bc) that are expressed to apply to Metering Providers.

Under sub-clause 7.4.2(c), NSPs must either register as a Metering Provider or enter into agreements with a Metering Provider for the provision of metering services.

Under sub-clause 7.4.2(ca), a NSP must allow a person other than a market participant to engage a Metering Provider to install a metering installation¹³ where the person does so in accordance with the metrology procedure developed and published by NEMMCO under rule 7.14.

The information requested included:

- confirmation that the targeted participant is either registered as a Metering Provider or has entered into agreements with a Metering Provider for the provision of metering services;
- details of the systems or procedures that the targeted participant has in place to ensure that it or its Metering Provider(s) comply with the NER provisions and procedures, and any relevant requirements established by NEMMCO;

¹³ For installation types and characteristics, refer to Table S7.2.3.1 of the NER.

- confirmation that the targeted participant complies with sub-clause 7.4.2(ca) by allowing a person other than a Metering Provider to engage a Metering Provider to install a metering installation where the person does so in accordance with the metrology procedure;
- details of any audits that the targeted participant has undertaken and a summary of findings with respect to ensuring compliance with sub-clauses 7.4.2(bb) and 7.4.2(ca);
- if there have been any instances of non-compliance, details of those instances including the nature, reasons for and circumstances surrounding the non-compliance; and
- any remedial action taken to ensure ongoing compliance with the provisions.

Response summary

ActewAGL

In its response, ActewAGL confirmed that it is registered with NEMMCO as a Metering Provider. ActewAGL stated that it has a number of systems and quality procedures in place to ensure that it complies with the NER in its role as a Metering Provider.

ActewAGL provided copies of its quality procedure documents pertaining to metering and data control, and a letter issued by NEMMCO approving ActewAGL's Metering Asset Management Plan in accordance with schedule 7.3.1(c)(2) of the NER.

ActewAGL advised that it is not accredited to install types 1 to 4 metering installations and does not have any contracts in place with Metering Providers for these installations. ActewAGL confirmed that it allows other accredited service providers to provide metering services for types 1 to 4 meters, in compliance with sub-clause 7.4.2(ca). In relation to types 5 and 6 meters, ActewAGL stated that such metering is not contestable in the Australian Capital Territory and that ActewAGL is the Responsible Person (RP) for those metering installation sites.

ActewAGL informed that it is subjected to routine auditing from both NEMMCO and internal auditors. During a NEMMCO audit in March 2007, non-compliance was identified with respect to data storage of some interval meters, with ActewAGL responding by changing the non-compliant meters. ActewAGL provided copies of audit reports for 3 recent NEMMCO audits, including a recent corporate audit.

ActewAGL also advised that it is the Local Network Service Provider (LNSP) for types 5 to 7 metering installations, which are non-contestable. ActewAGL's network charges are published on its website and prices are approved by the Independent Competition and Regulatory Commission of the Australian Capital Territory.

Aurora Energy

In its response, Aurora Energy confirmed that it has been registered with NEMMCO as a Metering Provider since January 2004. Aurora Energy advised that it undertakes continuous review of its metering processes and procedures. Its metering procedures

are also audited annually by NEMMCO and biannually by SAI Global in order for Aurora Energy to retain accreditation as a Metering Provider.

Aurora Energy confirmed that it complies with sub-clause 7.4.2(ca) by allowing a person other than a market participant to engage a Metering Provider to install a metering installation where the person does so in accordance with the metrology procedure. This situation has only arisen at one site in Tasmania.

NEMMCO audited Aurora Energy's metering installations in April 2008, and SAI Global performed an audit of Aurora Energy's compliance with ISO 9000:2000 for its metering processes and procedures in August 2008. There were no adverse findings in the context of compliance with sub-clause 7.4.2(bb) in either audit. Aurora Energy advised that it has not undertaken any audits on compliance with sub-clause 7.4.2(ca).

Aurora Energy also stated that there have been no instances of non-compliance identified with sub-clauses 7.4.2(bb) and 7.4.2(ca).

Review outcomes

Based on the review of NER clause 7.4.2, no apparent compliance issues exist. Both targeted participants claim to have systems and procedures in place to meet metering obligations. As demonstrated by ActewAGL, the existence of such systems and procedures may not be sufficient to ensure compliance over time. Audits or other review mechanisms are also important in verifying compliance.

This NER provision will continue to be reviewed for other registered participants in the coming quarters.

4.3.6 Changes to metering data

Rule 7.8 of the NER deals with the security of metering installations and data within the NEM. Obligations under clause 7.8.2, which deals with security controls, have been previously targeted. This quarter the review focussed on clause 7.8.4, which deals with changes to metering data.

Sub-clause 7.8.4(b) of the NER imposes obligations on RPs in situations where an on-site test of a metering installation requires the injection of current. The clause states that the RP must ensure that:

- the energy data¹⁴ stored in the metering installation is inspected; and
- if necessary following the inspection under sub-clause 7.8.4(b)(1), alterations are made to the metering data in accordance with sub-clause 7.8.4(c) to ensure that the metering data in the metering database is not materially different from the energy volumes flowing through the connection point during the period of the test.

¹⁴ Defined under the NER as either interval energy data ("data that results from the measurement of the flow of electricity in a power conductor where the data is prepared by a data logger into intervals which correspond to a trading interval or are sub-multiples of a trading interval") or accumulated energy data ("data that results from the measurement of the flow of electricity in a power conductor where the data represents a period in excess of a trading interval" measured at a metering point).

Sub-clause 7.8.4(c) requires that the alteration of any metering data be consistent with the validation, substitution and estimation procedures in the metrology procedures (developed and published by NEMMCO in accordance with rule 7.14) and that it be notified to NEMMCO depending on the type of metering installation involved.

The following information was requested from Ergon Energy and Integral Energy Australia¹⁵:

- details of the systems or procedures these DNSPs have in place to ensure that the RP complies with all of the requirements of clause 7.8.4;
- details of instances when alterations to metering data have been considered necessary for the purposes of sub-clause 7.8.4(c), including the basis upon which the assessment was made;
- details of any audits that these DNSPs have undertaken and a summary of findings with respect to ensuring compliance with clause 7.8.4;
- if there have been any instances of non-compliance, details of those instances including the nature, reasons for and circumstances surrounding the non-compliance and any remedial action taken to ensure ongoing compliance.

Response summary

Ergon Energy

As background information, Ergon Energy Queensland (EEQ) stated that it provides electricity retail services to approximately 600,000 residential and business customers located across regional Queensland, covering 97% of that State geographically. It also indicated that under the *Electricity Act 1994* (Queensland), it is a non-competing electricity retailer and can therefore only service customers within its designated area.

With the commencement of Full Retail Contestability in Queensland on 1 July 2007, EEQ accepted the offer of the LNSP (being Ergon Energy Corporation Limited (EECL)) for types 1 to 4 metering installations. As defined under the Queensland Electricity Industry Code, EECL is the RP for first-tier types 5 to 7 metering installations. The information provided to the AER (including various internal documents) was therefore prepared by EEQ in conjunction with EECL.

This participant outlined the various regulatory and industry instruments governing metering, which it is required to comply with. This task is managed by Ergon Energy's Customer Service Group through the use of its Metering Management System (MMS), which Ergon Energy describes as being an ISO 9001 accredited management process that covers the management and compliance of metering installation and maintenance activities.

Ergon Energy stated that its Meter Asset Management Plans outline the approach EECL takes in ensuring meter installations' technical compliance. These are

¹⁵ Ergon Energy and Integral Energy Australia are DNSPs in Queensland and New South Wales, respectively.

approved by NEMMCO. A Metering Audit Plan is also used as a control document to plan and schedule internal process auditing for metering installation processes and service orders.

Ergon Energy also outlined its approach to alterations to metering data, indicating that there had been no requirement to amend data as a result of testing, and that it is not aware of any instances of non-compliance in the context of NER clause 7.8.4.

Integral Energy Australia

Integral Energy indicated that it has in place procedures and workplace instructions to ensure compliance with the requirements of NER clause 7.8.4, attaching a copy of example documents with its response. It also advised that it conducts the testing of all type 1 to 4 metering installations off-site, and conducts on-site testing for type 5 and 6 installations that require injection of current.

In terms of instances when injection testing to metering data is considered necessary for the purposes of sub-clause 7.8.4(c), Integral Energy does not alter metering data as a result of the test. Integral Energy listed the steps involved in carrying out such testing and provided a justification for not altering metering data based on a materiality threshold in terms of both additional energy and cost.

Integral Energy stated that, during 2007-08, informed the AER that it conducted 249 metering installation tests at the request of customers and 211 metering installation tests as part of its routine compliance testing, with no instances of non-compliance found.

Review outcomes

Each targeted registered participant appears to be aware of its obligations and has implemented systems and various measures, such as preparing procedures and instructions to ensure compliance.

On the basis of the responses received from Ergon Energy and Integral Energy, it appears that the procedures in place, if applied as described, would enable these participants to meet the requirements of NER clause 7.8.4.

4.3.7 Confidentiality policy

The electricity industry relies on a large volume of information to assist in the efficient and de-centralised decision making process. The information is relied upon by the regulatory agencies, and commercial entities that operate within and around the NEM. Some of the information produced may be considered confidential.

For the purposes of the NER, confidential information primarily consists of information that is or has been provided to registered participants or NEMMCO under or in connection with the NER and is stated under the NER, NEMMCO, the AER or the AEMC, to be confidential information or is otherwise confidential or commercially sensitive.

Under clause 8.6.6 of the NER, NEMMCO must develop and, to the extent practicable, implement a policy:

- to protect information which it acquires pursuant to its various functions from use or access which is contrary to the provisions of the NER;
- to disseminate such information in accordance with its rights, powers and obligations in a manner which promotes the orderly operation of any market; and
- to ensure that NEMMCO, in undertaking any trading activity except the procurement of ancillary services, does not make use of such information unless the information is also available to other registered participants.

To review clause 8.6.6, the following information was requested from NEMMCO:

- confirmation that NEMMCO has developed a policy in compliance with clause 8.6.6 of the NER, and details of that policy; and
- details of any instances when registered participants have claimed that NEMMCO failed to comply with its obligations under clause 8.6.6 of the NER and NEMMCO's responses in those instances, if any.

Response summary

In its response, NEMMCO stated that it satisfies the requirements of clause 8.6.6 of the NER through:

- policies and procedures for handling and limiting the dissemination of confidential information;
- confidentiality undertakings from NEMMCO staff and contractors;
- the design of Information Technology (IT) facilities to securely store confidential data;
- the use of secure IT systems for the storage of information; and
- policies and procedures for the physical and logical security of the IT systems.

Specific details on these measures in place were also outlined, with the further advice from NEMMCO that, to ensure policies are complied with, mechanisms such as market audits are performed to assess compliance and promote continuous improvement.

With specific reference to sub-clause 8.6.6(c) of the NER, NEMMCO advised that, for NEM trading activities, it has developed detailed guidelines and procedures for Reserve Trader and the operation of Settlement Residue Auction. NEMMCO also advised that it has guidelines for the procurement of ancillary services. NEMMCO stated that it is not aware of any registered participant claiming that it has failed to comply with its obligations under the reviewed NER clause.

Review outcomes

The AER is satisfied that NEMMCO has met its obligations under clause 8.6.6 of the NER to implement a privacy policy. The AER notes the various measures put in place by NEMMCO and NEMMCO's statement that it is not aware of any non-compliance in this area.

4.3.8 Upcoming targeted compliance reviews

In the next quarter, the review of NER clause 2.2.3 set out in this report, and the NER provisions relating to dispatch inflexibilities and rebidding will be targeted. Further, the review of NER clause 3.7A will be concluded and reviews relating to NER clauses 7.4.2 and 4.8.12 will be expanded.

4.4 Jurisdictional derogations

Chapter 9 of the NER preserves certain jurisdiction-specific arrangements. These are known as jurisdictional derogations and exempt particular registered participants from compliance with specified provisions in the NER. Each quarter, the AER must prepare an assessment of the effect that any act or omission would have on the efficient operation of the market, arising from the operations of registered participants to whom the derogations apply. This section outlines relevant outcomes as well as any regulatory developments during the quarter.

4.4.1 Derogations relating to Smelter Traders, Power Traders and Exempted generator Agreements

Chapter 9 derogations exempts Victorian Smelter Traders, New South Wales Power Traders and nominated generators in Queensland (for the purposes of Exempted generator Agreements) from complying with the NER to the extent that there exists:

- any inconsistency between the NER and a contractual requirement under the relevant agreement between the various governments and other entities; and
- any other specified exemption in the jurisdictional derogations.

These participants must give notice to the AER of any act or omission which partly or wholly constitutes non-compliance with the NER, within the terms of NER clauses 9.4.3 (Smelter Trader – Vicpower Trading), 9.12.3 (Power Traders – Delta Electricity and Macquarie Generation) and 9.34.6 (nominated generators – CS Energy and Stanwell Corporation).

The participants have advised the AER that there were no instances of non-compliance which materially affected the efficient operation of the market during the quarter, for the purpose of NER clauses 9.4.4, 9.12.3 and 9.34.6.

4.5 Market monitoring

The AER monitors the performance of the NEM on an ongoing basis. The purpose of this monitoring, which is one of the mechanisms underpinning the AER's compliance monitoring and enforcement compliance strategy referred to in part 2 of this report, is to screen for indicators of any non-compliance with obligations under the NEL, the Electricity Regulations or NER using publicly available data and information provided to the AER by NEMMCO or other entities.

This data and information includes rebidding and other information provided to the AER under Chapters 3 and 4 of the NER.

4.5.1 Rebidding inquiries

Scheduled generators and market participants submit offers and bids for each of the 48 intervals in the trading day. These offers and bids cover prices and volumes in up to 10 price bands. Volumes can be changed right up to the time of dispatch, via rebidding.

Clause 3.8.22A of the NER requires scheduled generators and market participants to make dispatch offers, dispatch bids and rebids in good faith – that is, with the intention of honouring that offer or bid.

Under clause 3.8.22 of the NER, market participants are required to provide to NEMMCO, at the same time as a rebid is made:

- a brief, verifiable and specific reason for the rebid; and
- the time at which the event(s) or other occurrence(s) adduced by the market participant as the reason for the rebid occurred.

Equivalent requirements apply where a market participant advises NEMMCO that a scheduled generating unit, scheduled network service or scheduled load is inflexible, under clause 3.8.19 of the NER.

The information requirements in clause 3.8.22 assists in determining whether scheduled generators and market participants make dispatch offers, dispatch bids and rebids in good faith.

For the quarter ending 30 September 2008, the AER identified the following number of issues relating to the quality of the rebid reasons provided under clauses 3.8.19 (inflexibility) and 3.8.22 (rebidding) of the NER.

NER Clause	Compliance issue	No. of Participants under review
3.8.19(b)(1)	The rebid submitted does not provide a brief, verifiable and specific reason why the scheduled generating unit, scheduled network service or scheduled load is inflexible	4
3.8.22(c)(2)(i)	The rebid submitted does not provide a brief, verifiable and specific reason for the rebid	4
3.8.22(c)(2)(ii)	The rebid submitted does not include the time at which the event(s) or other occurrence(s) adduced by the scheduled generator or market participant as the reason for the rebid occurred	6

Further information from the relevant participants has been sought regarding these instances, where necessary. In most cases, as a result of initial enquiries, corrective action by participants has resulted in improvements in the quality of the rebid reasons provided.

Appendix A: AER investigations and reporting summary

This is a summary table of the AER's electricity and gas investigations, as well as \$5,000/MWh reports during the previous 4 quarters.

Industry	Date of event	Description	Status
Electricity	12-28 June 2007	\$5,000/MWh Report	Issued
Electricity	8-29 October 2007	Generator compliance with dispatch instructions and inflexibility	Review ongoing
Electricity	22 October 2007	\$5,000/MWh Report	Issued
Electricity	4 November 2007	\$5,000/MWh Report	Issued
		Investigation into generator compliance (Queensland)	Review ongoing
Electricity	31 December 2007	\$5,000/MWh Report	Issued
Electricity	4 and 10 January, 18 and 19 February 2008	\$5,000/MWh Report	Issued
		Investigation into rebidding (South Australia)	Review ongoing
		Investigation into reduced flow capabilities of interconnector (South Australia)	Review ongoing
Electricity	21 January 2008	Investigation into rebidding (Queensland)	Review ongoing
Electricity	26 January 2008	\$5,000/MWh Report	Issued
Electricity	30 January and 7 February 2008	\$5,000/MWh Report	Issued
Electricity	22-23 February 2008	\$5,000/MWh Report	Issued

Industry	Date of event	Description	Status
		Investigation into rebidding (Queensland)	Review ongoing
Electricity	5-7 and 12-13 March 2008	\$5,000/MWh Report	Issued
Electricity	17 March 2008	\$5,000/MWh Report	Issued
Electricity	23 July 2008	\$5,000/MWh Report	Issued
Gas	10 August 2008	Investigation into the Moomba plant outage (South Australia)	Completed

Appendix B: Targeted rule provisions summary

This is a summary table of the targeted NER, NGR and MSOR clauses subject to compliance reviews by the AER during the previous 4 quarters.

Quarter ending	Industry	Rules & Clause	Description	No. of Participants targeted	Status ¹⁶
September 2007	Electricity	NER 4.8.1	Power system security operations – registered participants’ advice	2	Review completed
		NER 5.2.1	Obligations of registered participants – network connections	2	Review completed
		NER 7.2A.4	Local retailers’ compliance with B2B Procedures	2	Review completed
		NER 7.5.2	Metering register discrepancy	1	Review completed
		NER 7.9.4	Metering data validation and substitution	1	Review completed
		NER 8.6.1	Confidentiality of information	3	Review completed
December 2007	Electricity	NER 4.8.2	Protection or control system abnormality	4	Review completed
		NER 4.9.3	Instructions to registered participants	3	Review completed
		NER 4.9.4	Dispatch related limitations on scheduled generators	3	Review completed
		NER 4.9.8	General responsibilities of registered participants	1	Review completed

¹⁶ “Review ongoing” refers to a targeted provision’s review conducted over more than one quarter and involving different registered participants in each of the quarters.

Quarter ending	Industry	Rules & Clause	Description	No. of Participants targeted	Status ¹⁶
		NER 4.11.4	Records of power system operational communication	1	Review completed
		NER 5.3.3	Response to connection enquiry	3	Review completed
		NER 5.3.5	Preparation of offer to connect	6	Review completed
		NER 5.7.5	Testing by registered participants of their own plant requiring changes to normal operation	4	Review completed
March 2008	Electricity	NER 3.11.3	Acquisition of non-market ancillary services	1	Review completed
		NER 4.4.2	Operational frequency control requirements	2	Review completed
		NER 4.8.9	Power to issue directions and clause 4.8.9 directions	2	Review ongoing
		NER 4.8.14	Power system restoration	2	Review completed
		NER 4.10.3	Operating interaction with Distribution Networks	1	Review completed
		NER 5.2.5	Obligations of generators	3	Review completed
		NER 5.5	Access arrangements relating to Distribution Networks	2	Review completed
		NER 7.3.4	Metering installation types and accuracy	2	Review completed
		NER 7.8.2	Metering security controls	2	Review completed
June 2008	Electricity	NER 2.2.6	Ancillary services generating unit	3	Review completed

Quarter ending	Industry	Rules & Clause	Description	No. of Participants targeted	Status ¹⁶
		NER 4.4.3	Generator protection requirements	2	Review completed
		NER 4.8.5A	Determination of the latest time for intervention by direction or dispatch of reserve contract	2	Review completed
		NER 4.8.9	Power to issue directions and clause 4.8.9 instructions	1	Review ongoing
		NER 4.9.2	Dispatch instructions to scheduled generators	2	Review completed
		NER 5.3.2	Connection enquiry	2	Review completed
		NER 5.3.6	Offer to connect	3	Review completed
September 2008	Electricity	NER 2.2.3	Classification of non-scheduled generators	3	Review ongoing
		NER 3.7A	Market information on planned network outages	5	Review ongoing
		NER 4.8.9	Power to issue directions and clause 4.8.9 instructions	1	Review completed
		NER 4.8.12	System restart plan and local black system procedures	1	Review ongoing
		NER 7.4.2	Qualifications and registration of Metering Providers	2	Review ongoing
		NER 7.8.4	Changes to metering data	2	Review completed
		NER 8.6.6	Confidentiality policy	1	Review completed