

26 July 2023

Dear stakeholders

Compliance & Enforcement (C&E) Priorities 2023/24 and Annual Report 2022/23

I am writing to you to advise you of the release of the AER's C&E priorities for the 2024 financial year, as well as the C&E Annual Report 2022/23 (**the Report**).

C&E Priorities 2023/24

On 20 June 2023, I outlined the [AER's C&E priorities for the 2023/24 financial year](#). The five priorities cover retail and wholesale gas and electricity markets and aim to:

- Improve outcomes for customers experiencing vulnerability, including by improving access to retailer hardship and payment plan protections.
- Make 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.
- Support 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 capability information to AEMO.
- Improve market participants' compliance with performance standards and standards for critical infrastructure.
- Clarify obligations and monitor 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 will also continue to help shape new or emerging markets and to implement new guidance. We will continue to assess matters having regard to our [C&E Policy](#) and take action where justified. We will also progress important ongoing work in areas previously identified as priority areas.

While the AER will continue to monitor all facets of the energy market, the priorities signal our key areas of focus as we progress through the current financial year.

C&E Annual Report 2022/23

In addition, the AER has today released our [C&E Annual Report 2022/23](#). The report follows 12 months on from the significant market events of June 2022, and details some of the significant compliance and enforcement actions that the AER has undertaken in the ensuing period.

Some of the key outcomes noted in the Report are listed below:

- In relation to **consumers experiencing vulnerability (including financial difficulty)** the AER:
 - instituted proceedings against subsidiaries of AGL Energy for a failure to comply with overcharging obligations;
 - received payment of \$67,800 for 1 infringement notice issued to CovaU, and a court enforceable undertaking for alleged failure to present the prices for its standing offers (also known as standard contracts) on its website;
 - issued an interim guidance note on new family violence protections;
 - received payment for 3 infringement notices issued to Aurora Energy for alleged breaches of life support obligations; and
 - released a joint compliance bulletin with the ACCC to remind retailers of their obligations around communicating pricing changes to their customers.
- In relation to monitoring compliance **to ensure a secure and reliable energy supply** the AER:
 - instituted proceedings against subsidiaries of AGL Energy for alleged breaches of obligations relating to the provision of contingency frequency control ancillary services (FCAS);
 - released the findings of its investigation into the market events that led to the suspension of the National Electricity Market (NEM) in June 2022;
 - received payment of \$263,400 for 6 infringement notices issued to Stanwell for alleged application of protection settings to three of its generating units at Stanwell Power Station since 2017 without prior written approval from AEMO and for failing to ensure those units met the required generator performance standard for voltage disturbances;
 - accepted a court enforceable undertaking from 5 AGL related entities in relation to non-compliance with Generator Performance Standards at the Broken Hill Solar Plant;
 - updated the Contingency FCAS Compliance Bulletin which outlines the AER's expectations for electricity market participants about compliance with a number of critical obligations relating to contingency FCAS under the Electricity Rules;
 - published final Reliability Compliance Procedures and Guidelines to support the Retailer Reliability Obligation (RRO) mechanism and reliability in the NEM; and
 - issued guidance notes for NSW coal mines and power stations to comply with coal market price emergency directions.
- In relation to ensuring that Australia's **gas markets operate efficiently and competitively** the AER:

- instituted proceedings against four Jemena subsidiaries relating to alleged large-scale breaches of their obligations surrounding the natural gas Day Ahead Auction (DAA) of pipeline capacity;
- received payment from EnergyAustralia and Incitec Pivot totalling \$630,200 for 10 infringement notices issued by the AER for alleged breaches of the National Gas Rules related to gas demand forecasting in short-term trading markets;
- published the gas markets demand forecasting compliance bulletin which outlines the AER's expectations regarding compliance with demand forecasting obligations under the National Gas Rules; and
- published three gas compliance bulletins to support gas market transparency reforms, which related to registration, the approach to expanded reporting requirements, and reserves and resources reporting by gas field owners.

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 when harms arise.

Updates to civil penalty regimes

To further support the AER's enforcement capabilities, we are also flagging some recent updates to the civil penalty regime. Civil penalties for breaches of the [Ring-fencing guideline \(electricity transmission\)](#) came into effect on 6 July 2023, and provide a new enforcement tool when dealing with any non-compliance by transmission network service providers (TNSPs).

We also note that civil and criminal penalties under the National Electricity Law, National Gas Law and National Energy Retail Law were indexed on 1 July 2023. The updated penalties can be found [here](#).

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

Yours sincerely



Clare Savage
Chair