Australian Government

AUSTRALIAN ENERGY REGULATOR

Annual compliance and enforcement report

2025–26

July 2026

Important notice

The information in this publication is for general guidance only. It does not constitute legal or other professional advice. You should seek legal advice or other professional advice in relation to your particular circumstances.

The AER has made every reasonable effort to provide current and accurate information, but it does not warrant or make any guarantees about the accuracy, currency or completeness of information in this publication.

Parties who wish to re-publish or otherwise use the information in this publication should check the information for currency and accuracy prior to publication.

At the AER, we use artificial intelligence (AI) to enhance our internal productivity and data analysis. Our AI tools do not make decisions or take action on our behalf. We maintain high standards of security measures to safeguard personal information. The AER remains fully responsible for all work and oversight, including checking the quality of any AI outputs. We ensure our AI use complies with all legal and regulatory requirements. To learn more, see the AER AI transparency statement. If you have any questions about this statement or would like further information on our use of AI, please contact us.

Enquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Email: aerinquiry@aer.gov.au
Tel: 1300 585 165

AER reference: AER31949931

Amendment record

Version	Date	Pages
1	30 July 2026	27

Contents

Executive summary

The Australian Energy Regulator's (AER) role in supporting a secure, reliable and affordable energy future for all Australians remains crucial as the energy market transitions in a period of broader economic uncertainty. With consumers facing sustained cost-of-living pressures across essential goods and services, the AER continues to deliver outcomes and actions in the long-term interests of consumers through our strategic objectives and compliance and enforcement priorities. This report provides an overview of the AER's compliance and enforcement activities during the 2025–26 financial year.

In 2025–26, we remained focused on **protecting consumers**, particularly those experiencing vulnerability, while supporting consumer confidence and engagement in energy markets. During the year, the AER completed the following compliance and enforcement activities related to consumer protections.

Billing and overcharging

- Received payment of $1.089 million from Alinta Energy Retail Sales Pty Ltd following 15 infringement notices issued by the AER for alleged breaches of the overcharging obligations in the National Energy Retail Rules (Retail Rules) relating to Centrepay customers, including alleged failures to inform and refund customers within required timeframes.
- Instituted proceedings in the Federal Court against Origin Energy subsidiaries for alleged breaches of the Retail Rules and National Energy Retail Law (Retail Law) relating to payments received from Centrepay customers who had closed their accounts with Origin and had fully paid all amounts they owed.

Hardship, disconnection, life support and family violence

- Received payment of $142,800 from EnergyAustralia Pty Ltd following 2 infringement notices issued by the AER for allegedly failing to comply with the explicit informed consent and disconnection obligations under the Retail Rules and Retail Law.
- Reviewed retailer hardship policies and continued engagement with retailers to improve the way they identify and support customers experiencing payment difficulty.
- Wrote to retailers and distributors to reinforce compliance expectations for life support obligations, following recent enforcement outcomes.
- Continued work to support safer outcomes for customers affected by family violence, including monitoring retailer obligations, publishing guidance for exempt sellers and hosting a family violence retailer forum to share implementation challenges, better practice approaches and emerging compliance themes.

Embedded networks

- Published a revised Retail Exempt Selling Guideline and Network Exemptions Guideline to strengthen protections for embedded network customers and improve the AER's visibility of the sector.
- Secured Federal Court ordered penalties of $250,000 against CAM Engineering and Construction Pty Ltd for failing to join the Energy and Water Ombudsman NSW scheme, as required by the Retail Law.

Accelerated smart meter rollout

- Reviewed and published 13 distributor Legacy Meter Replacement Plans, improving transparency on how legacy meters will be replaced to support universal smart meter uptake by 1 December 2030.
- Published guidance for retailers on site defects, tariff structure changes and shared fusing to support consistent industry practices, clear customer communications and compliance with the new smart meter rules.
- Provided guidance to metering coordinators outlining new obligations under the Accelerating smart meter deployment rule change.

Other guidance and guidelines

- Published guidance on the AER's approach to court enforceable undertakings, supporting transparency about how undertakings may be used in connection with enforcement activities.
- Published a joint compliance bulletin with the ACCC on Electricity Retail Code changes to help retailers understand and comply with new obligations.
- Published an update to the Retailer of Last Resort guidelines and plan to reflect recent regulatory changes, practical experience and stakeholder feedback.

As the energy sector continues to undergo a major transition, the AER remains focused on monitoring compliance to support **power system security** and ensure that **electricity and gas markets operate efficiently and competitively**. In 2025–26, the AER completed the following compliance and enforcement activities related to electricity and gas markets.

Electricity market

- Published the PASA Compliance Bulletin to help wholesale electricity market participants provide high-quality and timely information to the Australian Energy Market Operator (AEMO).
- Updated the Retailer Reliability Obligation (RRO) interim Contracts and Firmness Guidelines to reflect the rule change for scheduled bi-directional units.
- Published a consultation paper about updates to the Rebidding and Technical Parameters Guideline.

Network connections and ring-fencing

- Monitored network connection practices, including risks relating to delays, transparency, discrimination, joint planning and cost allocation, as connection volumes and system complexity increased.
- Continued to oversee compliance with electricity transmission and distribution ring-fencing obligations, including annual compliance reports and waiver applications.

Gas market and gas pipelines

- Published a compliance bulletin on short-term gas transaction reporting to support consistent and accurate reporting under the Gas Market Transparency Measures.
- Assessed responses to the first compulsory Annual Compliance Order under the updated gas pipeline framework, improving visibility of service provider compliance, market activity and key areas for continued regulatory focus.

Compliance and enforcement priorities for 2026–27

Looking ahead to 2026–27, the AER has maintained its current compliance and enforcement priorities, with limited updates. The priorities remain fit for purpose and continue to reflect the areas that require further work, including consumer vulnerability, the rollout of smart meters, power system security, network compliance and gas market reporting obligations. These priorities will guide our proactive compliance work and enforcement action in the year ahead.

1 About us

The AER is Australia's national energy regulator. Our jurisdiction covers several sectors of the national energy market, including:

- the relationships of energy retailers and distributors with their customers in competitive retail markets, and those of alternative energy providers operating under retail and network exemptions
- participation in competitive wholesale markets for electricity and gas, including AEMO's obligations in handling the day-to-day operations of those markets
- provision of monopoly transmission and distribution network services to customers and other market participants, and network planning requirements on service providers and AEMO.

Our functions relate mostly to energy markets in eastern and southern Australia – our jurisdiction covers Queensland, New South Wales (NSW), the Australian Capital Territory, Victoria, South Australia and Tasmania.[1]

For our compliance and enforcement program, our purpose is to act as the fair, independent and accountable regulator of the energy market, fostering compliance by market participants and reducing consumer and market harms. We make energy consumers better off by using appropriate regulatory approaches and deploying the right regulatory tools to solve problems.

We monitor, investigate and enforce compliance with obligations under the national energy laws in all sectors of the energy market, including the National Electricity Law and National Electricity Rules (Electricity Rules), National Gas Law (Gas Law) and National Gas Rules (Gas Rules), and Retail Law and Retail Rules, and their associated regulations and guidelines. This report summarises our compliance and enforcement activities for the 2025–26 financial year.[2]

In support of the objectives set out in our Strategic Plan 2020–2025,[3] our compliance and enforcement work focuses on non-compliance that poses significant harm to:

- consumers, in particular those who are experiencing vulnerability, such as those requiring life support equipment and those experiencing family violence
- consumers' active participation in energy markets
- the operation and transparency of competitive energy markets
- the efficient operation of monopoly gas and electricity networks and inhibits access to those networks.

---

1 An exception to this is the energy retail market in Victoria, which is regulated under state legislation by the Essential Services Commission of Victoria. In the Northern Territory, we regulate monopoly networks only, with other responsibilities managed by the Utilities Commission of the Northern Territory.

2 The Retail Law requires us to publish an annual report on compliance with the Retail Law and Retail Rules. This report also includes our compliance and enforcement activities under the Electricity Law and Gas Law.

3 The AER will soon publish an updated Strategic Plan for 2026–2030.

We may also take action where the operation of important laws or rules is unclear or contested. We draw on our experience in monitoring and enforcing compliance with national energy laws to inform debate about Australia's energy future and support the energy transition.

Our Compliance and enforcement policy sets out how we approach our roles and functions in monitoring, investigating and enforcing compliance with national energy laws. The policy works in conjunction with our compliance and enforcement priorities, which help guide our proactive compliance efforts and enforcement work and signal areas where we consider behavioural change in the market is required. We discuss outcomes under this year's priorities in chapter 2 of this report. You can read about our new priorities for 2026–27 in chapter 5.

2 Compliance and enforcement priorities for 2025–26 and related outcomes

In 2025–26, the AER set 5 compliance and enforcement priorities with 2 relating to consumers, 2 relating to wholesale electricity and networks, and one relating to gas (Figure 1). These priorities align with the objectives in the AER's Strategic Plan 2020–2025.

Figure 1 AER compliance and enforcement priorities, 2025–26

This section outlines the compliance and enforcement outcomes for each of these priority areas.

2.1 Improve outcomes for consumers experiencing vulnerability

The AER has achieved a range of outcomes to ensure consumers experiencing vulnerability are provided with the full suite of hardship and payment plan protections they are entitled to under the Retail Rules and Retail Law. These outcomes have strong links with our Towards energy equity strategy.

Compliance with hardship obligations

Hardship policies are vital in setting out how retailers identify and support consumers experiencing payment difficulties due to hardship.

We have reviewed and approved 3 retailer hardship policies this financial year and have another 6 currently under review.

We are improving policies by ensuring they set out that customers who no longer require energy supply from the retailer have access to an arrangement for debt repayment that is consistent with protections set out in the hardship policy. We are also ensuring that policies clearly outline an appropriate process the retailer will follow to contact customers when they miss a payment plan instalment. We continue to expect retailers to be guided by recently approved policies and legislative requirements when updating their hardship policies.

The AER's Customer Hardship Policy Guideline is currently under review, along with 3 other retail guidelines. The AER is combining the 4 guidelines into a single, easy-to-use document. We aim to publish the final guidelines by 30 September 2026, with their effective date to be determined. Once effective, retailers will have 3 months to submit an updated hardship policy to the AER for approval.

Enforcement outcomes related to overcharging

The AER has achieved significant enforcement outcomes to ensure all retailers refund customers when they have been overcharged and to provide consumers the full protections afforded under the Rules.

AGL – overcharging of Centrepay customers

In 2024, the Federal Court ordered AGL Retail Energy Limited and 3 other subsidiaries of AGL Energy Limited (together, AGL) to pay $25 million in penalties for failing to comply with overcharging obligations under the Retail Rules and for failing to have systems and procedures in place to enable them to efficiently and effectively monitor compliance in accordance with the Retail Law.

AGL appealed the decision and the penalty amount to the Full Federal Court. The appeal was heard on 27–28 November 2025 and judgment was reserved. As outlined below, the AER continues to investigate other energy retailers referred by Services Australia for similar conduct.

Origin – institution of proceedings – alleged overcharging of Centrepay customers

On 19 December 2025, the AER instituted proceedings in the Federal Court against 4 subsidiaries of Origin Energy Limited (together, Origin) for alleged breaches of the overcharging obligations under the Retail Rules and for allegedly failing to have systems and procedures in place to enable them to efficiently and effectively monitor compliance in accordance with the Retail Law.

The AER alleged that Origin failed to inform customers and refund their Centrepay deductions within the timeframe required by the Retail Rules. The AER also alleged that Origin knew its systems were processing payments in this way as early as 2017 and put on hold a previously approved process that could have prevented further payments from occurring.

The AER alleged that, between December 2019 and March 2025, Origin's conduct affected more than 3,400 electricity and gas customers who had closed their accounts with Origin and had fully paid all amounts they owed. The AER alleged this conduct resulted in more than 77,000 breaches and Origin retaining more than $2.5 million from affected customers, including one customer who was allegedly overcharged by more than $11,000 over almost 2 years.

Alinta Energy – alleged overcharging of Centrepay customers

Alinta Energy Retail Sales Pty Ltd (Alinta) paid $1.089 million in penalties following 15 infringement notices issued by the AER for allegedly failing to comply with the overcharging obligations under the Retail Rules in relation to Centrepay customers.

As with the Origin proceedings, the AER alleged that Alinta continued to receive Centrepay deductions from customers who were no longer receiving energy services from Alinta and had already paid any outstanding amounts.

The alleged conduct affected electricity and gas customers across NSW, Queensland and South Australia between April 2019 and September 2024, with total overcharged amounts for each customer ranging from approximately $100 to nearly $9,750. The AER alleged that Alinta failed to inform and refund affected customers within the timeframes required by the Retail Rules.

2.2 Protect consumers during the universal transition to smart meters

Smart meters help create an efficient and cost-effective energy system and are being rapidly deployed to support the energy transition. However, improper conduct by some participants may cause compliance issues and harm consumers, so it is vital that all participants, including retailers, distribution network service providers (DNSPs) and metering coordinators, fully understand and comply with all their responsibilities. Our focus is on the safety of consumers and installers during the rollout, and ensuring consumers are provided with appropriate and adequate information about meter installation, retail tariff structures and site defects at the metering installation.

Legacy Meter Replacement Plans

In November 2024, amendments to the Retail Rules and Electricity Rules were made to support a fast, efficient and coordinated rollout of smart meters across the National Electricity Market.

The reforms require DNSPs to develop and submit Legacy Meter Replacement Plans (LMRPs) that set out how legacy meters will be replaced in a timely, cost-effective, fair and safe way over the rollout period to achieve universal uptake by 1 December 2030.

During 2025–26, the AER reviewed and published 13 distributor LMRPs. These plans improve transparency on the timing and approach to meter replacement and support coordinated implementation of the smart meter rollout across jurisdictions. In reviewing the LMRPs, we reminded DNSPs that the safety of workers and consumers should always be the highest priority.

The AER is monitoring compliance with metering and associated retail obligations to support positive consumer outcomes following smart meter installation. This includes the accurate and timely provision of metering data, billing accuracy, timely resolution of disputes, clear communication of tariff arrangements in line with the Better Bills Guideline and positive engagement with customers to support their choice of retail tariff structure.

AER guidance to retailers: site defects, tariff structure changes and shared fusing

On 12 September 2025, the AER published guidance to support retailers in implementing new obligations arising from the Australian Energy Market Commission's (AEMC) accelerated smart meter deployment rule change.

The guidance clarifies retailer responsibilities under amendments to the Retail Rules and Electricity Rules commencing progressively from December 2024 to July 2026, across 3 key areas:

- Formal notification framework for site defects identified during smart meter installation, including timeframes for notifying customers and expectations for clear, accessible communication to support informed customer decision-making.
- Explicit informed consent (EIC) requirements where retailers seek to vary a customer's retail tariff structure following smart meter deployment, including the content and delivery of notices seeking consent to vary the tariff type in the 2 years following a meter replacement.
- Procedures for managing shared fusing arrangements, including coordination obligations between retailers, metering coordinators and network service providers to minimise supply interruptions and ensure efficient meter replacement across affected premises.

The guidance also emphasises broader expectations aimed at promoting a positive customer experience, including the use of plain language communications, support for customers experiencing vulnerability (including those affected by family violence), and the need for robust compliance systems, controls and reporting practices.

The AER provided separate guidance on the new rules to metering coordinators in a letter dated 17 December 2025. The letter also emphasised safety as a key priority for the AER as part of this process and set expectations for metering coordinators around good practice and effective collaboration during the rollout.

2.3 Support power system security and an efficient wholesale electricity market

With the energy transition, it is critical that generators meet performance standards in accordance with requirements for power system security and that representations around the availability of plants in bids, rebids and submissions to AEMO's projected assessments of system adequacy are accurate and timely. This includes providing system services, such as frequency control ancillary services. AEMO relies on generator performance and representations around availability to operate the market, assess system adequacy and manage power system incidents and conditions.

It is also critical that network service providers submit timely and transparent planned outage information to AEMO, including through the Network Outage Schedule, so that AEMO can coordinate maintenance work and manage system impacts, and the market can respond.

PASA Compliance Bulletin and Checklist

On 29 August 2025, the AER published the Projected Assessment of System Adequacy (PASA) Compliance Bulletin and checklist to assist wholesale electricity market participants in providing high-quality and timely availability information to AEMO.

PASA is used to indicate to AEMO and market participants the forecast of overall balance of supply and demand for electricity in the National Electricity Market (NEM). It is crucial to ensuring that participants can make informed decisions about supply, demand and outages of transmission networks. The PASA process ensures sufficient information is published to enable the market to operate reliably and effectively with a minimal amount of intervention by AEMO.

The PASA Compliance Bulletin outlines the AER's expectations for complying with critical PASA obligations under the Electricity Rules and includes new obligations with respect to medium-term PASA and submitting recall periods for short-term PASA, as well as changes to definitions of PASA availability and energy constraint. The checklist sets out tasks that may assist participants to achieve compliance. The AER expects participants to understand their obligations under the Electricity Rules and implement robust systems and processes to achieve compliance. Participants should use the PASA Compliance Bulletin to assist in this process.

The PASA Compliance Bulletin replaces existing messaging on PASA obligations outlined in the AER's NEM Readiness Guide and is a standalone guidance document relating to PASA.

RRO – interim Contracts and Firmness Guidelines

Two rule changes were made in 2024 that required the AER to review the interim Contracts and Firmness Guidelines (C&F Guidelines) by 3 December 2025 and 30 September 2026, respectively.

We undertook a targeted review and decided to update the C&F Guidelines to reflect the RRO exemption for scheduled bi-directional units Rule 2024 No.19 amendments to the National Electricity Rules (RRO exemption for BDUs rule change). Our final decision on 20 August 2025 updated the C&F Guidelines with the following key changes:

- The definition of a 'liable entity' is updated to clarify that it now references exempt market connection points.
- When determining if an entity is a liable entity (that is, if it consumes 10 gigawatt hours (GWh) or more per year), only net consumption (consumption less generation/exports) should be counted, and consumption from exempt market connection points must be excluded.
- A new section provides clarity on what qualifies as an exempt market connection point.
- Exempt market connection points are not included in the calculation of a liable entity's share.
- There is further guidance that entities may become liable as new entrants if they exceed the 10 GWh net aggregated consumption threshold (excluding exempt market connection points) by the new entrant contract position day even if they were not liable on the contract position day.

On 2 April 2026, the AER decided not to update the C&F Guidelines, interim Market Liquidity Obligation Guidelines and interim Reliability Instrument Guidelines in response to the Integrating price-responsive resources into the NEM Rule 2024 No. 24 (IPRR rule change). A key consideration in this decision was the release of the final report in the NEM wholesale market settings review in December 2025. That report recommended that the RRO be phased out following the implementation of an Electricity Services Entry Mechanism and Market Making Obligation. The reforms proposed in the report are currently being considered by the Department of Climate Change, Energy, the Environment and Water, following energy ministers' in-principle agreement in December 2025. We considered that any benefits of updating the interim C&F Guidelines would be minimal given the broader context of the changing policy landscape and high demand for stakeholder time.

The C&F Guidelines remain in an interim form at this stage. However, we consider that the C&F Guidelines remain fit for purpose because they include all required content and are serving their intended function. To provide industry certainty ahead of any potential T-1 instruments issued in 2025, we conducted a targeted review of the C&F Guidelines so that the changes required by the RRO exemption for BDUs rule change could be implemented quickly.

Rebidding and Technical Parameters Guideline

The IPRR rule change also required the AER to review and, if necessary or desirable, amend its Rebidding and Technical Parameters Guideline (RTP Guideline) by 30 September 2026. We also proposed to use this review as an opportunity to make updates to the RTP Guideline to address the evolving energy market and canvas views on the use of artificial intelligence. A consultation paper was published on 3 March 2026, with 19 submissions received.

However, as a result of AEMO's proposal to temporarily pause and reset the delivery path for implementation of the IPRR framework, the AER has decided to delay further revisions to the Guideline at this time. Instead, we will seek to reopen consultation on the Guideline after amendments to the IPRR framework are settled and the implementation timeline is clarified. This will allow amendments to the RTP Guideline to be made as part of a single process, reducing the burden on stakeholders.

The AER will consider submissions already received during consultation when we reopen the RTP Guideline. In the interim, the AER will shortly provide separate guidance relating to automated bidding.

First generator performance standards compliance review of a battery

The AER undertakes generator compliance program (GCP) reviews focused on registered generators' obligations under rule 4.15(a) of the Electricity Rules to check that their plant meets or exceeds the applicable performance standards. This ensures that generators that connect to the NEM operate in a safe manner that supports system security. Rule 4.15(b) of the Electricity Rules requires registered participants to institute and maintain a compliance program in accordance with the AEMC Reliability Panel's Template for Generator Compliance Programs.

The purpose of our review is to check that generators have appropriate systems and processes in place to ensure they can maintain compliance with their registered Generator Performance Standard and can monitor plant performance consistent with good electricity industry practice. We assess generators' GCPs for capability of ongoing testing, monitoring and reporting of compliance with their standards.

In 2025–26, we reviewed the GCP of Hornsdale Power Reserve in South Australia, which is operated by Neoen. Neoen exhibited a solid understanding of GCP requirements and the effective operation of the Hornsdale Power Reserve GCP and the Generator Performance Standard framework. We consider that Neoen maintains appropriate technical knowledge and compliance procedures for the purposes of compliance with the standards. Neoen demonstrated that an effective GCP can be implemented for a grid-scale battery with adequate testing and monitoring arrangements for Generator Performance Standard non-compliance.

We remind Registered Participants that they:

- must immediately notify AEMO of any actual or likely breach of a performance standard
- must ensure that utilisation of third parties for technical and/or operational matters is actively managed to ensure regulatory obligations are met – primary responsibility for compliance remains with the Registered Participant
- should consider maintaining a register for compliance standards testing with due dates to aid in meeting testing requirements.

2.4 Promote competition and ensure safe and reliable network infrastructure by improving compliance with network connection and ring-fencing obligations

With the increase in the number and complexity of new connections arising from the energy transition, new participants must be able to connect efficiently and safely to the NEM. The AER seeks to ensure that network service providers comply with their obligations to provide timely and transparent connections. This approach supports AEMO's ability to maintain a secure electricity system and ensure that connection processes do not result in significant delays to generation entering the market.

Ring-fencing obligations require legal and functional separation of the regulated activities of a network business from the activities of any related entity. This promotes competition by preventing regulated businesses from discriminating in favour of their related entities and preventing cross-subsidisation from regulated customers. Increased competition helps to facilitate innovation and provide more choices for consumers.

Compliance monitoring on network connections

The AER is engaging in research and monitoring related to current practices relevant to network connection and ring-fencing obligations. As connection volumes grow and system complexity increases, we want to ensure that network services providers and their related affiliates are fulfilling their obligations on the connections services they provide.

It is important that electricity network connection processes are timely and transparent, and that information provided in connection offers is sufficient and effective, so customers understand their connection offer.

At the same time, emerging issues, including large inverter-based loads (such as data centres), system security risks and uncertainty around the allocation of upstream augmentation costs, are placing additional pressure on connection frameworks. In response, the AER is monitoring compliance to improve visibility of connection timeframes, leveraging new ring-fencing reporting and continuing information gathering to identify risks related to delays, discrimination, joint planning and cost allocation, with the aim of ensuring timely, transparent and non-discriminatory access to the network.

Ring-fencing

In accordance with the Ring-fencing Guideline (electricity distribution) and the Ring-fencing Guideline (electricity transmission), DNSPs and transmission network service providers (TNSPs) are required to submit annual compliance reports to the AER for the previous calendar year, as well as an assessment of compliance by a suitably qualified independent authority.

We received 13 DNSP and 7 TNSP annual compliance reports for the 2025 calendar year. Each of these reports was accompanied by an assessment of compliance by a suitably qualified independent authority.

We have reviewed each of the annual compliance reports and independent authorities' reports and noted the following concerns (which we will continue to closely monitor in 2026–27):

- breaches related to disclosure of information
- breaches related to branding and cross-promotion
- instances of repeated non-compliance – a number of distributors reported multiple breaches of their ring-fencing obligations, most of which related to isolated circumstances and did not indicate systemic issues.

Our focus areas for the 2026 calendar year reporting period will be:

- Standard of reporting: we expect reporting that is accurate, timely and sufficiently detailed to allow the AER to understand the nature and cause of any non-compliance, the steps taken to remediate the conduct and the controls implemented to prevent recurrence.
- Instances of repeated non-compliance: we expect DNSPs to rectify non-compliance and implement processes to prevent recurrence to avoid repeated non-compliance with the same ring-fencing obligations.

Ring-fencing waivers

Network service providers can apply for waivers of some ring-fencing obligations.

On 17 April 2025, the AER granted a waiver to Transgrid from clause 3.1(b) of the Ring-fencing Guideline (electricity transmission), to allow Transgrid to provide telecommunications services not associated with the transmission network to one customer.

In the 2025 calendar year, the AER granted 11 waivers to DNSPs, as shown in Table 1.

Table 1 Ring-fencing waivers granted to DNSPs in 2025

Entity	Date granted	Clauses	Waiver purpose
Ergon Energy	2 April 2025	3.1(b), 4.2	Enables Ergon Energy to provide other services to, and on behalf of, Powerlink.
Ergon Energy	21 May 2025	4.2.3	Enables Ergon Energy to provide a connection from its mainland network to Hayman Island via an undersea cable connection under the Ergon Energy brand name.
Ergon Energy	10 June 2025	4.2.1(a), 4.2.2(a) 4.2.3(a)	Allows the Mareeba and Charters Towers depots to continue being classified as regional offices.
Ergon Energy Network	27 June 2025	4.2.3	Allows Ergon Energy to continue to use similar naming and branding to Ergon Energy Retail (a contestable service business in the retail market).
Ergon Energy	30 June 2025	3.1(b), 4.2	Interim waiver. Allows Ergon Energy to continue providing distribution and generation services in the isolated systems located in remote Queensland.
Endeavour Energy	15 September 2025	3.1, 4.2	Allows Endeavour Energy to provide some training services to Evoenergy.
Ausgrid	29 September 2025	4.2.1, 4.2.2, 4.2.3	Allows Ausgrid to provide network services in the Hunter Central Coast Renewable Energy Zone (HCC REZ) alongside their existing regulated

Entity	Date granted	Clauses	Waiver purpose
			network services without separating staff, offices and branding.
CitiPower, Powercor and United Energy (collectively, CPU)	22 October 2025	3.1(b), 4.2	Enables CPU to conduct a kerbside electric vehicle charging trial at sites that meet specific criteria in Victoria until mid-2031, with strict conditions to safeguard market competition.
Essential Energy	10 November 2025	3.1(b), 4.2.1, 4.2.2, 4.2.3	Allows Essential Energy to establish a purpose-built training centre at Tamworth with additional training hubs at Parkes, Grafton, Orange, Wagga Wagga and Goulburn.
Ergon Energy	28 November 2025	3.1(b), 4.2	Allows Ergon Energy to continue providing distribution and generation services in the isolated systems located in remote Queensland.
SA Power Networks (SAPN)	12 December 2025	4.2	Interim waiver. Allows SAPN to continue to conduct their Market Active Solar until 31 December 2026, following the expiry of the waiver previously granted in April 2024.

2.5 Gas network compliance

During 2025–26, the AER assessed responses to the first compulsory Annual Compliance Order (ACO) under the updated National Gas Law and Gas Rules framework. The ACO applies to both scheme and non-scheme pipeline service providers, except Category 1 pipelines, which is a total of 17 service providers covering 76 pipelines. The ACO enables the AER to monitor compliance with obligations and provides information for the AER's public reporting, thereby supporting greater market transparency.

The AER's assessment of ACO responses identified compliance concerns relating to:

- confidentiality obligation in rule 137 of the Gas Rules, including inadequate policies and isolated instances of improper disclosure – 4 compliance concerns
- non-price terms and conditions, particularly deficiencies in interconnection policies, required by rule 39 of the Gas Rules – 5 compliance concerns
- failure to develop and maintain user access guides required under rule 105C of the Gas Rules – 1 compliance concern.

We wrote to 14 service providers on their ACO responses, focusing on compliance with the ACO reporting requirements. While several potential breaches were identified, we considered most issues had a limited market impact. Our messaging focused on driving improved compliance, including providing service providers with timeframes to rectify deficiencies.

Overall, the first mandatory ACO provided the AER with a more comprehensive view of compliance across gas pipeline service providers and will support more targeted monitoring and enforcement in future reporting periods.

The ACO also improved visibility of market activity, including interconnection requests and access arrangements, and highlighted areas for continued regulatory focus, such as transparency, record keeping and information disclosure obligations under Part 10 of the Gas Rules.

Information from the ACO was used in parts of the AER's Wholesale gas performance report 2026.

3 Enduring compliance and enforcement priorities

In addition to our work in annual priority areas, the AER continues to act where there are serious issues impacting consumers experiencing vulnerability, including consumers requiring life support equipment and customers affected by family violence.

3.1 Life support

The Retail Rules contain obligations retailers and distributors must meet when they are informed of the life support needs of someone residing in, or intending to reside in, a premises. Failure to comply with these obligations risks serious impacts on the health and safety of consumers experiencing vulnerability. Compliance with the life support obligations under the Retail Rules and the Retail Law is vital for protecting these consumers.

Industry letter on compliance expectations for life support obligations

In July 2025, the AER wrote to retailers and distributors to:

- inform them about a recent enforcement outcome involving Powershop Australia Pty Ltd (Powershop), concerning contraventions of various life support obligations under the Retail Rules
- outline the AER's expectations of retailers and distributors concerning compliance with life support obligations – in particular, the expectation that retailers and distributors maintain robust systems, processes, training and monitoring arrangements to ensure compliance, and promptly identify and remediate breaches.

This letter emphasised that compliance with life support obligations is critical to protecting customers experiencing vulnerability and is an enduring compliance and enforcement priority for the AER.

Industry letter to retailers and distributors on registering life support customers with PeakSmart units

In April 2026, the AER wrote to retailers and distributors in Queensland to reinforce their obligations to register customers requiring life support equipment, including at premises with PeakSmart air conditioning units.

PeakSmart technology uses a signal receiver in PeakSmart-enabled air conditioners. When the electricity network experiences high demand, DNSP Energex sends a signal through the power supply to temporarily cap the air conditioner's energy consumption.

We issued this communication in response to information received in March 2026 that a Queensland retailer had refused to register a customer as requiring life support equipment on the basis that the customer was moving into a premises with a PeakSmart unit. The AER formed the view that this was inconsistent with obligations under the Retail Law and Retail Rules.

The communication clarified the AER’s expectations that:

- retailers and distributors must register premises as requiring life support where the relevant criteria are met
- the presence of a PeakSmart air conditioning unit does not alter or remove life support registration obligations.

The AER also emphasised that accurate and timely registration of life support customers is critical, and reminded retailers and distributors of their obligation to report potential breaches under section 274 of the Retail Law.

3.2 Family violence

Family violence protections commenced under the Retail Rules on 1 May 2023 to improve energy retailers’ response to, and support of, customers experiencing family violence across National Energy Customer Framework jurisdictions. Among other things, retailers are required to develop and publish a family violence policy. Supporting consumers affected by family violence is an enduring AER compliance and enforcement priority and is an area the AER will always prioritise.

During 2025–26, the AER continued to monitor compliance with family violence obligations, including through compliance reports and engagement with retailers, consumer groups and advocates. This work is helping to build our understanding of the challenges in implementing these obligations, emerging compliance risks and better practice approaches and has informed both our industry engagement and investigation work in this area.

Family violence retailer forum

In February 2026, the AER hosted a family violence retailer forum to support industry capability to support consumers experiencing family violence. The forum provided an opportunity for retailers to share experiences, challenges and better practice approaches.

The forum brought together 65 representatives from 32 retailers and was held under the Chatham House Rule to encourage open discussion. The AER also shared insights on emerging compliance themes and highlighted the importance of effective systems, processes and safeguards in reducing the risk of harm to customers affected by family violence.

The AER intends to hold the forum regularly as part of its ongoing work to support industry capability and reduce the risks for customers affected by family violence.

Family violence investigations

The AER has a number of investigations currently underway in relation to possible breaches of the family violence obligations under the Retail Rules. We will assess these matters in line with our Compliance and Enforcement Policy and take enforcement action where appropriate to reduce the risk of harm to customers affected by family violence and to achieve our primary objective of deterrence.

4 Other compliance and enforcement activities in 2025–26

In addition to the work undertaken in each of the compliance and enforcement priority areas, the AER has continued to progress important ongoing work in areas previously identified as priority areas and where there are serious issues impacting the market.

4.1 Electricity and Gas Rules

Transgrid – institution of proceedings – 2024 Broken Hill outages

On 17 December 2025, the AER instituted proceedings in the Federal Court against NSW Electricity Networks Operations Pty Limited (Transgrid) following an investigation into the October 2024 power system events that led to power outages in Broken Hill and surrounding areas.

A severe weather event in the Broken Hill area on 16 October 2024 led to the failure of the transmission line that supplies Broken Hill, requiring Transgrid's 2 backup generators to provide power.

At the time, one generator was unavailable due to maintenance and the other experienced multiple outages, resulting in 12,700 properties in Broken Hill and surrounding areas being left without power intermittently until 31 October 2024.

The AER alleged that between 2022 and 2024, Transgrid breached the Electricity Rules by failing to maintain and operate its network to minimise the number of interruptions by using good electricity industry practice and for failing to arrange for power to be restored as soon as possible.

The AER also alleged that Transgrid failed to ensure its systems complied with its NSW transmission operator's licence, and to institute and maintain a compliance program for the generators.

Compliance bulletin on BB short-term gas transaction reporting

New participant reporting to the Gas Bulletin Board commenced on 15 March 2023. Since then, the AER has actively monitored participant compliance with reporting requirements, focusing on the reporting of short-term gas transactions and reserves and resources. These areas are important because they provide timely price signals and information on gas availability and supply, helping to support efficient market outcomes and inform policy decisions.

Part 18 of the Gas Rules requires gas sellers to provide information to AEMO on short-term gas supply transactions and short-term gas swap transactions. These are transactions under which the end of the supply period is before the first anniversary of the start of the supply period. Such transactions become reportable as BB short-term gas transactions according to criteria under rule 141 of the Gas Rules.

On 16 December 2025, the AER published a compliance bulletin, setting out requirements for the reporting of BB short-term gas transaction information under the Gas Rules and AER guidance on how to report. It is informed by consultations with policymakers, gas market participants and AEMO.

The bulletin includes guidance on how to report bespoke transactions. The AER will consider updating the document based on our compliance monitoring and our judgement as to whether further reporting guidance is needed.

4.2 Embedded networks

Embedded networks exemptions framework

The AER is responsible for maintaining the Retail Exempt Selling Guideline and the Network Exemptions Guideline. These guidelines set out the registration and application processes for obtaining exemptions, including exemption classes, eligibility criteria and conditions the AER imposes on exempt energy sellers (Retail Exempt Selling Guideline) and exempt network service providers (Network Exemptions Guideline). The AER also monitors and enforces compliance with the key compliance requirements.

In August 2025, we completed a review of our exemptions framework for embedded networks, with a particular focus on residential embedded networks where growth has been evident. The review considered both the potential harms for consumers, including limited protections, higher prices and reduced access to retail competition, and the potential benefits, such as cost savings, access to renewable energy and innovative energy services. The review concluded on 29 August 2025 with the publication of a final decision and revised exemptions guidelines.

The final decision recognises that, to the extent possible, all energy customers should receive a comparable level of consumer protection regardless of their supplier. The updated guidelines have introduced a range of practical improvements to strengthen consumer protections and improve the AER's visibility of the sector. These have included:

- new family violence protections for residential and small business customers
- requirements for exempt businesses to maintain up-to-date registration details
- measures to improve oversight of smaller embedded networks
- requirements for some exempt sellers to publish customer tariffs
- new obligations for some exempt sellers to include ombudsman scheme contact details on customer bills.

We have supported implementation of the new conditions through education and targeted communications. This has included sending a letter to exempt sellers in September 2025 explaining the new and amended conditions in the revised Retail Exempt Selling Guideline, and publishing a guidance document, case studies and a quick reference checklist to assist exempt sellers with their family violence obligations.

On 18 May 2026, the AER commenced a targeted review of the Retail Exempt Selling Guideline and the Network Exemptions Guideline. The review proposes to update the guidelines to reflect new energy rules relating to flexible trading reforms and reduce regulatory burden for commercial embedded network retrofits, while maintaining appropriate consumer protections. The review is expected to be finalised in November 2026.

CAM Engineering – exempt seller obligations

On 4 July 2025, the Federal Court ordered CAM Engineering and Construction Pty Ltd (CAM Engineering) pay a penalty of $250,000.

On 20 October 2023, the AER instituted proceedings in the Federal Court against CAM Engineering for allegedly failing to become a member of the Energy and Water Ombudsman NSW (EWON) scheme, in breach of section 112(2) of the Retail Law.

As the developer of Cooranbong Gardens retirement village in NSW, CAM Engineering held an exemption to sell and supply electricity to residents through the embedded network located at the village and had to comply with the AER's Retail Exempt Selling Guideline.

The AER alleged that CAM Engineering obtained its retail exemption on 11 March 2021, but did not join EWON until 22 July 2022, despite multiple reminders and warnings. During this 16-month period, energy customers of the village did not have access to the important dispute resolution service that EWON provides.

Prior to instituting proceedings in the Federal Court, the AER issued CAM Engineering with an infringement notice for the alleged breach. CAM Engineering did not pay the penalty specified in the infringement notice.

4.3 Other guidance and guidelines

Guideline on AER approach to court enforceable undertakings

The AER uses a range of tools to encourage compliance and address contraventions of the national energy laws. This includes accepting written court enforceable undertakings given by persons under section 59A of the NEL, section 230A of the Gas Law and section 288 of the Retail Law (undertakings). The AER may accept court enforceable undertakings in addition to, or as an alternative to, other enforcement action.

Published in March 2026, the Guideline on AER approach to court enforceable undertakings outlines our general approach to negotiating, accepting and administering undertakings in connection with our enforcement activities.

Compliance bulletin – Electricity Retail Code changes

The Australian Competition and Consumer Commission (ACCC) and AER published a joint compliance bulletin to help electricity retailers understand and comply with certain obligations to account for changes to the Competition and Consumer (Industry Code–Electricity Retail) Regulations 2019 (Electricity Retail Code).

The compliance bulletin was first published in April 2026 and an updated version was published in May 2026 to reflect the AER's final DMO 8 determination and to include information on communicating prices for small business tariffs with controlled load and the application of the amended Electricity Retail Code to embedded network customers.

The changes included:

- introducing the Solar Sharer Offer
- renaming the 'reference price' to the 'comparison price set by the AER'

- expanding the scope of the Electricity Retail Code to cover more tariff types, including demand tariffs and small business customers on flexible tariffs
- requiring the AER to determine a tariff cap for common standing offer tariff types (regulated tariffs)
- requiring the AER to determine annual comparison prices for both regulated tariffs and non-regulated tariffs.

Updated Retailer of Last Resort guidelines and plan

The Retail Law sets out what happens when an electricity or gas retailer can no longer operate, including the requirements for transferring customers to a new retailer so their supply continues without interruption. This is known as the Retailer of Last Resort (RoLR) scheme. Following recent legislative updates, the AER undertook a review of the RoLR guidelines and plan to incorporate these changes, practical experience from administering the RoLR scheme and stakeholder feedback. The updated RoLR guidelines and plan were published in June 2026.

The key changes included:

- consolidating the RoLR documents into a single reference document
- updating the cost recovery arrangements
- clarifying the circumstances in which we may use the optional 72-hour RoLR designation period
- setting out the process for RoLRs to make a market retail contract offer.

4.4 Other enforcement outcomes

EnergyAustralia: Alleged breaches of the Retail Law and Retail Rules

In March 2026, EnergyAustralia Pty Ltd paid $142,800 in penalties following 2 infringement notices issued by the AER for alleged breaches of the Retail Law and Retail Rules.

The AER alleged that EnergyAustralia:

- transferred a customer without explicit informed consent, contrary to section 38(a) of the Retail Law
- arranged de-energisation without meeting required preconditions, contrary to rule 107(2) of the Retail Rules.

The conduct arose from an account incorrectly established at a customer’s premises under another person’s name. Despite the affected customer notifying the retailer that the account holder was incorrect, the retailer proceeded with credit management processes and ultimately disconnected the customer’s electricity supply.

5 Compliance and enforcement priorities 2026–27

For 2026–27, the AER has maintained its current compliance and enforcement priorities, with limited updates. The priorities guide our enforcement and proactive compliance work and identify the areas where we will focus particular attention in the year ahead.

The priorities remain fit for purpose and continue to reflect areas requiring further work, including consumer vulnerability, the rollout of smart meters, power system security, network compliance and gas market reporting obligations.

The priorities for 2026–27 are:

- Improve outcomes for consumers experiencing vulnerability, including by ensuring access to hardship protections and affordable payment plans that reflect capacity to pay, and improving retailer hardship policies.
- Protect consumers during the universal transition to smart meters by focusing on compliance with requirements for the smart meter rollout, retail tariff structures and ongoing metering practices.
- Support power system security and an efficient wholesale electricity market by focusing on compliance with network outage obligations, generator performance standards and availability obligations.
- Promote competition and ensure safe and reliable network infrastructure by improving compliance with network connection and ring-fencing obligations.
- Monitor and enforce compliance with reporting requirements under Part 10 of the Gas Rules.

As in previous years, the priorities are not exhaustive. The AER will continue to monitor all aspects of the energy market and will respond to serious misconduct and emerging issues outside these priority areas where appropriate, in accordance with its Compliance and Enforcement Policy.

The AER will now undertake a full review of the priorities every 2 years, with consultation on the 2027–28 priorities to commence in early 2027.

Appendix A – Summary of compliance and enforcement activities in 2025–26

Table 2 Civil proceedings

Obligation	Regulated entity	Date proceedings commenced	Status/outcome
Retail Rules: rules 31(1), 31(2) and 31(3); Retail Law: section 273	AGL Retail Energy Limited and three other subsidiaries of AGL Energy Limited (together, AGL)	16 December 2022	On 19 December 2024, the Federal Court ordered AGL to pay a penalty of $25 million. AGL appealed the decision and the penalty amount to the Full Federal Court. The appeal was heard on 27–28 November 2025 and judgement was reserved.
Retail Law: section 112(2)	CAM Engineering and Construction Pty Ltd	20 October 2023	On 4 July 2025, the Federal Court ordered CAM Engineering and Construction Pty Ltd to pay a penalty of $250,000.
Electricity Rules: clauses 5.2.3(e1)(3), 5.2.3(e1)(4), 5.2.3(f) and rule 4.15(b)	NSW Electricity Networks Operations Pty Limited (Transgrid)	17 December 2025	Proceedings ongoing
Retail Rules: rules 31(1), 31(2) and 31(3); Retail Law: section 273	Origin Energy Limited and 4 of its subsidiaries	19 December 2025	Proceedings ongoing

Table 3 Infringement notices paid

Obligation	Regulated entity	Date of payment	Penalty paid
Retail Rules: 31(1), 31(2) and 31(3)	Alinta Energy Retail Sales Pty Ltd	13 November 2025	$1,089,000 (15 notices)
Retail Law: Section 38(a) Retail Rule 107(2)	EnergyAustralia Pty Ltd	24 March 2026	$142,800 (2 notices)

Table 4 Court enforceable undertakings

Obligation	Regulated entity	Date of undertaking	Status/outcome
Electricity Rules: clause 6.17 Electricity Distribution Ring-Fencing Guideline: clause 3.1(b)	Icon Distribution Investments Limited and Jemena Networks (ACT) Pty Ltd (together trading as Evoenergy)	14 June 2024 (variation effective 22 May 2026)	Ongoing
Retail Rules: rules 32(3), 71(1) and 72(1)(a)	M2 Energy Pty Ltd (trading as Dodo Power & Gas)	1 April 2025	Ongoing
Retail Law: sections 43(2)(c) and 50(1)	Red Energy Pty Ltd	28 March 2025	Ongoing

Table 5 Administrative decisions

Obligation	Regulated entity	Status/outcome
Update on interim Retailer Reliability Obligation Guidelines (Guidelines)	Market customers (e.g. retailers and other parties that purchase electricity directly from the wholesale energy market), IRPs and 'opt-in' customers (e.g. large energy users).	AER decision

Table 6 Publications and consultations

Subject	Date
AER writes to industry with compliance expectations for life support obligations	July 2025
AER publishes final decision to update the interim Contracts and Firmness Guidelines 2025	August 2025
PASA Compliance Bulletin and Checklist	August 2025
NEM Readiness Guide and Checklist	August 2025
Network Exemptions Guideline	August 2025
Retail Exempt Selling Guideline	August 2025
Legacy Meter Replacement Plans	August 2025
AER guidance to retailers: site defects, tariff structure changes and shared fusing	September 2025
Compliance Bulletin - short term gas transaction reporting	December 2025

Subject	Date
AER guidance for exempt sellers on family violence	December 2025
Guideline on AER approach to court enforceable undertakings	March 2026
Update on interim Retailer Reliability Obligation Guidelines (Guidelines)	April 2026
AER letter on registering life support customers with PeakSmart units	April 2026
Compliance Bulletin - Electricity Retail Code changes	May 2026
RoLR guidelines and plan	June 2026

Glossary

Term	Definition
ACO	Annual Compliance Order
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
BDU	Bi-directional units
CER	Consumer energy resources
C&F	Contracts & Firmness
DNSP	Distribution network service provider
EWON	Energy and Water Ombudsman NSW
GCP	Generator Compliance Program
IPRR	Integrating price-responsive resources
LMRP	Legacy Meter Replacement Plan
RoLR	Retailer of Last Resort
RRO	Retailer Reliability Obligation
TNSP	Transmission network service provider