

# AER Compliance & Enforcement Priorities 2023 – 24

## Introduction

The AER’s Compliance and Enforcement Priorities help guide our enforcement work and proactive compliance efforts, and also signal areas where we consider that behavioural change in the market is required.

The priorities align with the objectives in the AER’s Strategic Plan 2020–2025, specifically objectives 1–3, to:

**1** Protect vulnerable consumers, while enabling consumers to participate in energy markets.

**2** Effectively regulate competitive markets primarily through monitoring and reporting, and enforcement and compliance.

**3** Deliver efficient regulation of monopoly infrastructure while incentivising networks to become platforms for energy services.

**The priorities should be read in conjunction with the AER’s Compliance and Enforcement Policy.**

The policy sets out how we approach our compliance and enforcement roles and functions in accordance with the national energy laws. In addition to our work in priority areas, we 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 the compliance and enforcement policy and take action where justified. We will also progress important ongoing work in areas previously identified as priority areas.

### Priority



**Improve outcomes for customers experiencing vulnerability, including by improving access to retailer hardship and payment plan protections.**

With the considerable challenges facing the east-coast energy market and rising cost of living more generally, we expect to observe a significant increase in the number of consumers experiencing financial hardship this year.

Our focus will be on ensuring that all eligible customers are able to access the protections they are entitled to under the existing framework. This includes ready access to hardship programs and payment plans that reflect a customer’s capacity to pay. We will continue to closely monitor Retail Performance Data with a view to identifying compliance concerns with retailer obligations under the hardship provisions. The AER will consider using compulsory notices as a means of monitoring retailer compliance with hardship obligations.

At the same time, we have concerns that a number of current retailer hardship policies could be improved. We will also look to identify opportunities to collaborate with retailers to review these policies with a view to improving outcomes for customers.

All activities related to this priority will have a strong link to the work in the AER’s consumer vulnerability strategy, Towards Energy Equity.

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## Priority



**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.**

Bills are a key source of information and communication between consumers and energy retailers. The information in bills helps customers to make confident decisions, such as making sure they are on the best deal for them or shopping around for a better deal. To support this aim, in March 2022 the AER introduced the mandatory Better Bills Guideline (Guideline) which sets out how retailers must prepare and issue bills to small customers. Full compliance with the Guideline is required by 30 September 2023.

Given the importance of consumer bills and following the commencement of the AER's Guideline, the AER's focus will be on ensuring retailers are complying with the Guideline, particularly the requirement to have a 'better offer' statement on the first page of the bill.

Billing related issues affect more customers than other breaches reported to the AER by retailers, and make up approximately half of the referrals to the AER from Ombudsman schemes and consumer groups. Recognising the current cost of living pressures on consumers, the AER will also focus on related issues where there is significant customer harm including overcharging, estimated reads, billing delays, failures to notify of price and tariff changes and failures to comply with standing offer obligations.

## Priority



**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.**

The AER is focussed on generators' obligations relating to offers, bidding and compliance with AEMO dispatch instructions as these are critical to power system security and efficient outcomes in the wholesale electricity market. This is particularly the case where conduct contributes to market events. Ensuring compliance with latest offers and AEMO dispatch instructions is an ongoing and active responsibility for all NEM participants. With the energy transition, it is critical to ensure that these obligations are fully understood and widely complied with.

It is also critical that generators provide accurate and timely information about their capability and availability to AEMO. This includes in relation to providing system services such as Frequency Control Ancillary Services and for AEMO's projected assessments of system adequacy. The AER will investigate conduct that contributes to major market events, such as making false or misleading offers, bids or rebids.

# AER Compliance & Enforcement Priorities 2023–24

## Priority



**Improve market participants' compliance with performance standards and standards for critical infrastructure.**

The requirement for generators and facilities that consume electricity (load) to comply with their performance standards is critical to power system security, particularly when this conduct can cause or exacerbate market events. It is also critical for Network Service Providers (NSPs) to comply with their obligations in the NER and/or connection agreements, including in the provision of supervisory control and data acquisition (SCADA) infrastructure. SCADA facilities form the communications backbone of the NEM, allowing real time data flows about the status of transmission and generator equipment to AEMO and Transmission NSPs' control rooms as well as the delivery of dispatch instructions. SCADA is critical for AEMO's line of sight on power system conditions and non-compliance with SCADA obligations has at times impacted AEMO's ability to manage the power system.

Ensuring compliance with performance standards is an ongoing and active responsibility for all market participants. With the increase in number and complexity of new connections arising as part of the energy sector's transition, it is critical to ensure that all participants fully understand and comply with their responsibilities in this regard. Delays to remediate non-compliance with performance standards increased during COVID-19; and participants should now refocus efforts to meet required timeframes. The AER will investigate non-compliance with performance standards that contribute to major market events or AEMO's ability to safely and securely operate the network.

## Priority



**Clarify obligations and monitor compliance with reporting requirements under the new Gas Market Transparency Measures.**

Reporting under the new Gas Market Transparency Measures commenced in March 2023. The AER has been working with AEMO and industry to ensure completeness of registration for reporting. The AER is now focusing on bringing clarity to the obligations and requirements which extends across the supply chain including gas reserves and resources estimates, LNG exports and large user demand reporting, and short-term domestic and LNG sales information. Ensuring the accurate and timely provision of this information, will drive better pricing transparency, improved efficiency of gas markets, facilitate investment decisions and inform government policy. The AER will aid understanding of this new information by reporting on price assumptions behind future gas reserves and by incorporating it into its monitoring of the effectiveness of competition in wholesale gas markets.

The AER will also focus on the new Part 27 measures – known as the East Coast Gas System reforms: Stage 1 - commencing 4 July 2023. These measures focus on supply adequacy by requiring further reporting, including of near-term supply forecasts by market participants and also gas stored in pipelines. This data is critical to AEMO to evaluate the market given new powers it has under Part 27 of the National Gas Rules to make directions and intervene if necessary. The AER will extend its surveillance and compliance activity to facilitate the adoption of these measures.