



# STATEMENT OF INTENT 2016–17



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## Australian Energy Regulator

The AER regulates energy markets and networks under national legislation and rules. Our independent Board has three members, who are statutory appointments.

We regulate energy markets and networks in eastern and southern Australia, as well as networks in the Northern Territory. Our functions are expected to widen in 2016–17 to cover energy networks in Western Australia.

The AER:

- sets the amount of revenue a network business can recover from customers for using energy networks (the electricity poles and wires and gas pipelines that transport energy)
- monitors wholesale electricity and gas markets to ensure energy businesses comply with the legislation and rules, and takes enforcement action where necessary
- regulates retail energy markets in Queensland, New South Wales, South Australia, Tasmania (electricity only) and the ACT
- operates the Energy Made Easy website, which provides a retail price comparator and other information for energy consumers
- publishes information on energy markets, including the annual *State of the energy market* report.

We support the COAG Energy Council, with briefings on energy market activity and by providing advice on energy market issues as they arise. We also work with other energy market bodies, including the Australian Energy Market Commission (AEMC), Australian Energy Market Operator (AEMO) and Energy Consumers Australia (ECA), on policy matters, rule change processes and market issues. Additionally, we assist the Australian Competition and Consumer Commission (ACCC) with energy-related issues arising under the *Competition and Consumer Act 2010*, including consumer protection, mergers and authorisations.

# Chair's introduction



I am pleased to introduce the Australian Energy Regulator's *Statement of intent* for 2016–17, setting out how we propose to meet the COAG Energy Council's expectations of us. We report here on our proposed work program, including performance indicators, our relationship with government, and issues of transparency and accountability. The statement also responds to the Australian Government's *Regulator performance framework* on undertaking regulatory functions with the minimum impact necessary.

We work in a challenging market environment. A central priority for the Energy Council is to modernise regulatory frameworks to meet the needs of increasingly dynamic and decentralised energy markets. In 2016–17, the AER will participate in a Standing Committee of Officials working group aiming to ensure regulatory frameworks are designed so consumers can benefit from new energy technologies and selling models, while maintaining appropriate protections. The group seeks to identify services that should be opened to competition, determine whether existing frameworks will drive efficient investment and operational decisions (including demand side response), and assess impacts on power system security. In the wholesale space, we will participate in a project on how best to integrate evolving technologies in the market. A particular focus will be on South Australia, which has the highest penetration of wind and solar photovoltaic generation in the National Electricity Market.

The AER will also support the Energy Council's wider Power of Choice initiatives in 2016–17. Our work in this space will include finalising assessments of new tariff structures for distribution networks so that prices better reflect the costs of supplying electricity to consumers. We are also developing new ring fencing guidelines for electricity network businesses, that support the development of competitive markets and innovative technologies and services.

The Energy Council has also flagged priorities in upstream gas markets. In 2016–17 we will engage in processes that may arise out of recommendations in the AEMC's East coast gas review and ACCC's inquiry into eastern and southern Australian wholesale gas prices, some of which may result in refinements to market design.

In these and other areas, we will work closely with the Energy Council and all stakeholders to help ensure Australia's energy markets and regulatory arrangements remain sufficiently responsive and flexible to the needs of consumers and industry, while still offering stability and predictability for investors.

## **Paula Conboy**

Chair  
Australian Energy Regulator

# Response to the COAG Energy Council's Statement of Expectations

To strengthen accountability and performance frameworks, the COAG Energy Council in 2014 developed a *Statement of expectations* for the AER. In the statement (appendix 1), the Council outlines its expectations that the AER will:

- perform its legislative functions and implement a work program that supports the objectives set out in the national energy legislation
- adopt accountable and transparent processes, including by:
  - publishing a *Statement of intent* for each financial year, outlining how we will meet the *Statement of expectations*
  - publishing performance indicators in the *Statement of intent*
  - reporting against our performance in the AER's *Annual report*
  - providing clear guidance on how the AER's funds have been spent
- effectively engage with market participants, consumers and government
- work productively with other market institutions in accordance with legislation and memoranda of understanding
- support the COAG Energy Council by providing it with advice on energy issues, reporting on the AER's priorities and work program and through clear communication on other matters as required.

## Our core role

Our core role is to undertake functions set out in the national energy legislation. Our decision making is guided by the national energy objectives: to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply. These objectives are reflected in our approach to energy network regulation (work program area 1), retail market regulation (area 2), wholesale market monitoring (area 3) and compliance and enforcement (area 4), and are mirrored in performance indicators for those program areas (pages 16–18).

## Accountability and transparency

We adopt accountable and transparent processes across our work program, including by:

- publishing a *Statement of intent* for the coming year that sets out our objectives, supported by details on our work program and specific areas of focus
- developing and publishing performance indicators and deliverables (set out in this statement)
- reporting against our performance (including performance indicators and deliverables) in our *Annual report*
- reporting on how funds have been spent in our *Annual report* and the joint ACCC–AER *Annual report*
- developing a framework and approach and draft decision for regulatory reviews, and guidelines on our approach to regulatory functions, in consultation with stakeholders
- publishing a *Statement of approach* to compliance and enforcement, and reporting on outcomes of our enforcement activity.

## Stakeholder engagement

We engage with consumers and market participants through a variety of forums, including through:

- periodic stakeholder surveys to identify areas where we can improve our performance and capabilities (a survey was conducted in April 2016, with outcomes to be published in our 2016 *Annual report*)
- meeting three times a year with our Customer Consultative Group, consisting of residential and small business energy customer intermediaries, including those representing disadvantaged and vulnerable customers
- our Energy Made Easy website, which provides information on the energy market, consumer protections and available energy offers
- a Consumer Challenge Panel that advises the AER whether network regulatory proposals are in the long term interests of consumers and whether network businesses engage effectively with their customers
- jurisdictional groups of stakeholders covering business and residential consumers, convened for regulatory reviews of network proposals
- consulting with energy businesses during regulatory review processes, guideline development, business forums and through informal engagement.

## Working productively with other institutions

We work productively at Board and staff level with other energy market bodies—the AEMC, AEMO and the ECA. We engage with these bodies, including through consultation on policy matters, rule change processes and administrative schemes.

Memoranda of understanding between the AER and other energy agencies set out expectations for information sharing, consultation and other communication, and coordination of activities. We have memoranda of understanding with the AEMC, AEMO, the Clean Energy Regulator, Energy Safe Victoria, the Commonwealth Department of Human Services, jurisdictional regulators and ombudsmen.

We also engage with other agencies such as the Australian Securities and Investments Commission on energy market issues, participate in working groups and facilitate staff secondments as opportunities arise.

More generally, we make submissions on and help with energy policy matters relating to our functions, particularly where we have specialist expertise and knowledge. In 2016–17 we will engage with the AEMC on various energy policy reviews and rule change processes.

## Supporting the COAG Energy Council

We support the COAG Energy Council and the Council's Standing Committee of Officials (SCO) by providing clear advice on energy issues as required. In particular, we brief Council meetings on key issues, and draw on our expertise to engage in rule change processes and policy reviews initiated or approved by the Council.

Key matters for 2016–17 will include:

- contributing to a SCO working group aiming to ensure energy regulatory frameworks can integrate emerging technologies and business models
- consulting with the COAG Energy Council on implementation of a new role flagged for the AER on monitoring the performance of wholesale electricity markets
- supporting the COAG Energy Council in any review of limited merits review arrangements in the national energy laws
- engaging in processes that may arise out of recommendations made in the AEMC's East coast gas review and ACCC's inquiry into eastern and southern Australian wholesale gas prices
- supporting the COAG Energy Council in implementing its response to the AEMC's financial resilience review.

More generally, our *State of the energy market* publication provides high level and accessible information to the COAG Energy Council on market activity and dynamics.





# Our work program for 2016–17

The AER has a diverse work program informed by the requirements of the energy market laws and rules. Our work program comprises ongoing functions set out in the legislation, as well as roles in energy policy and market development.

We have four ongoing work program areas in 2016–17:

1. energy networks
2. retail energy markets
3. wholesale energy markets
4. compliance and enforcement.

Within each program, our areas of focus over the next 12 months reflect challenges posed by our operating environment and projected market conditions. Significant issues in 2016–17 are likely to include:

- ongoing appeals processes relating to our network revenue decisions for the NSW and ACT electricity distribution businesses, and NSW gas business. The appeals will be heard by the Full Federal Court during the year
- preparation for Western Australia's expected application of the national energy laws to network businesses in that state. The AER will receive revenue proposals for Western Australia's electricity transmission and distribution businesses in April 2017, subject to the passage of enabling legislation
- the emergence of new energy technologies and selling models. We will contribute to a SCO working group aiming to ensure the regulatory framework allows consumers to benefit from innovative services, while maintaining appropriate protections. The group seeks to identify services that should be opened to competition, determine whether the existing framework will drive efficient investment and operational decisions (including demand side response), and assess impacts on power system security.

## Program area 1: Energy networks

We undertake network regulation that promotes efficient investment in energy network services that customers value. In particular, we aim to ensure that consumers pay no more than necessary for the safe and reliable delivery of energy services.

Our central role in the networks space is to set the revenue that can be recovered from customers' use of regulated energy networks (electricity poles and wires, and gas pipelines). We typically undertake a full regulatory review of each network once every five years.

The AER's network determination workload will ramp up significantly in the latter half of 2016–17. Overall during the year, we will finalise reviews of four network businesses, receive nine regulatory proposals and commence framework and approach processes for a further seven networks. Included in this work will be our first reviews of the Northern Territory and Western Australian electricity networks under the national framework.

Additionally, we will participate in ongoing appeals processes relating to earlier decisions, including on the NSW and ACT electricity distribution networks, and NSW gas distribution network, that were remitted to us by the Australian Competition Tribunal in February 2016. The AER appealed those Tribunal decisions to the Full Federal Court, which will hear the appeals in 2016–17.

Another key focus will be our work to help implement the Power of Choice reforms. We will finalise our assessments of new tariff structures for distribution networks and develop new ring fencing guidelines that separate the competitive and regulated parts of network businesses to support the development of competitive markets for energy services.

We are committed to meaningful engagement with all stakeholders in our review processes, including industry, consumers and government. Jurisdictional groups of consumer representatives for each regulatory review provide coordinated and informed views from a cross-section of consumer groups. The Consumer Challenge Panel advises on issues of importance to consumers and helps ensure consumer perspectives are properly considered throughout technical and complex regulatory processes.

We recognise the value in ongoing refinement of our systems and processes. In 2016–17, we will refine our benchmarking tools, including our networks database, for assessing the comparative efficiency of network

businesses. We will also update our *Expenditure assessment guideline* and associated information instruments in light of our recent experience in applying the current approach. One focus will be to extend incentive scheme arrangements to gas networks.

### Network revenue decisions

We regulate the costs of electricity network services, and access prices for covered gas pipeline services, in Queensland, NSW, Victoria, South Australia, Tasmania, the ACT and the Northern Territory. Currently we regulate 32 energy networks, comprising:

- 21 electricity networks (seven transmission and 14 distribution)
- 11 gas pipelines and networks (four transmission and seven distribution).

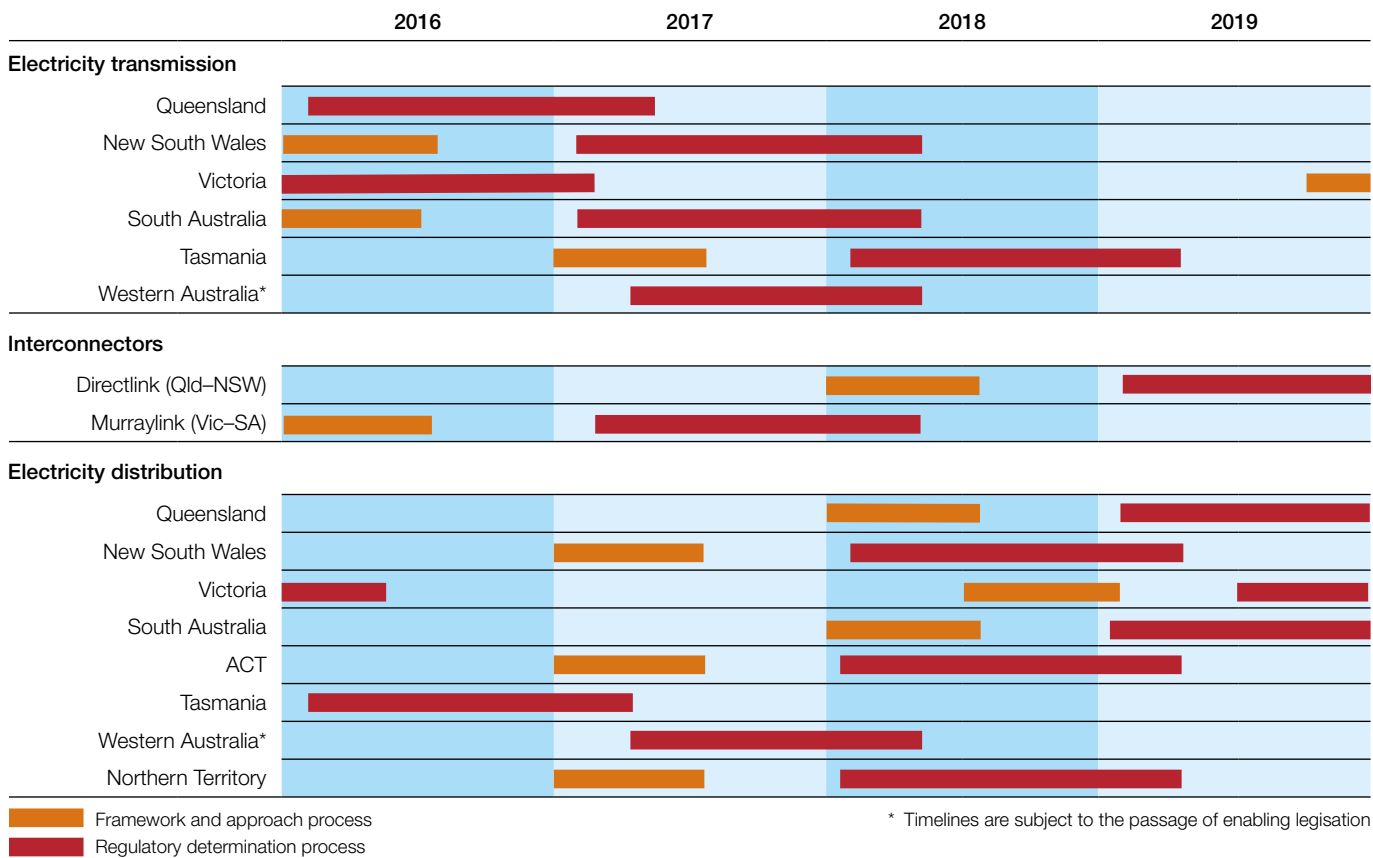
Our functions are expected to widen in 2016–17 to include energy networks in Western Australia.

The regulatory process for electricity networks begins with the development of a framework and approach, following which the network business submits a regulatory proposal. We have 15 months to review a proposal and release a final decision. In the process for gas pipelines and networks, we have six months (plus stop-the-clock time at certain stages of the process) to decide whether to approve an access arrangement proposal. The time can be extended by two months, with a maximum of 13 months to render a decision.

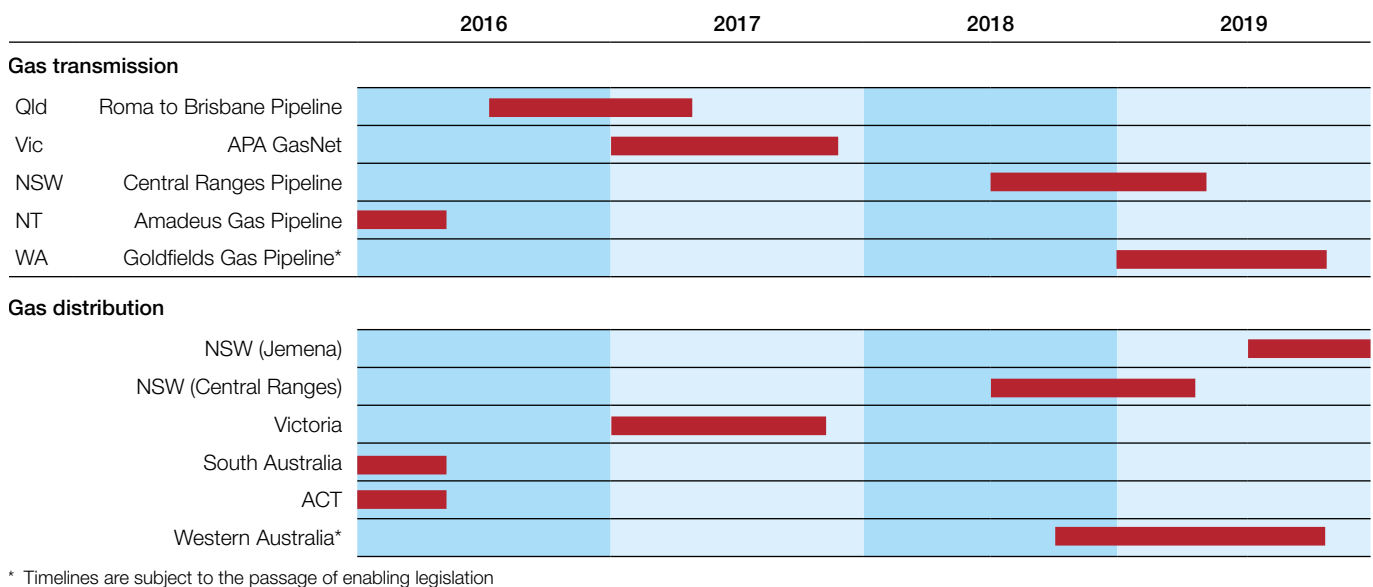
In summary, our work in this area during 2016–17 will entail:

- completing reviews of the Queensland and Victorian electricity transmission networks, and the Tasmanian electricity distribution network
- completing an access arrangement review for the Roma to Brisbane Pipeline (Queensland)
- commencing a review of regulatory proposals for the NSW, South Australian and Western Australian electricity transmission networks, the Murraylink transmission interconnector and the Western Australian electricity distribution network
- commencing access arrangement reviews for the Victorian gas transmission system and distribution networks
- developing frameworks and approaches for the NSW, ACT, Tasmanian and Northern Territory electricity distribution networks and the Tasmanian electricity transmission network.

**Figure 1: Timelines for AER determinations on regulatory proposals for electricity networks**



**Figure 2: Timelines for AER determinations on access arrangement proposals for gas pipelines and networks**



## Merits review of regulatory decisions

Our regulatory determinations on energy networks are subject to limited merits review by the Australian Competition Tribunal. A successful review must demonstrate that addressing the grounds of appeal would lead to a 'materially preferable outcome in the long term interests of consumers'. If the Tribunal finds the AER erred, it can substitute its own decision or remit the matter back to the AER to remake the decision.

On 26 February 2016, the Tribunal handed down decisions on the NSW (electricity and gas) and ACT (electricity) distribution networks, following merits review applications by the network businesses. While the Tribunal did not accept the revenues proposed by the businesses, it remitted to the AER the decisions on operating expenditure (electricity networks only) and the transition to a new method for estimating return on debt (all networks). Additionally the Tribunal substituted an alternative value of gamma (relating to tax imputation credits) for all networks.

The AER appealed the Tribunal decisions to the Full Federal Court. The appeals will be heard during 2016–17.<sup>1</sup> Alongside our participation in those processes, we will develop and consult on our approach to matters remitted to us by the Tribunal.

Network tariffs for the contested network decisions for 2016–17 have been set under enforceable undertakings with the relevant businesses. The agreed approach aims to provide price stability while the review or appeal is being heard.

The AER will finalise its revenue decisions for the relevant networks following the completion of the appeals processes. More generally, we will review the operation of the network regulation framework in light of these processes and assess whether rule changes would improve outcomes for consumers.

In other appeal activity:

- South Australian Power Networks was granted leave in May 2016 to seek merits review of the AER's November 2015 revenue decision on the network. The Tribunal will conduct the review in 2016–17
- the Victorian electricity distribution networks in June 2016 sought merits review of the AER's May 2016 revenue decisions.

<sup>1</sup> The NSW and ACT businesses also filed applications with the Federal Court for judicial review of the AER's decisions. These processes are on hold pending the outcome of the Full Federal Court appeals process.

## Work supporting network revenue decisions

We recognise the value in ongoing refinement of our systems and processes. In 2016–17, we will:

- refine our benchmarking tools, including our networks database, for assessing each business's comparative efficiency
- update the *Expenditure assessment guideline* and associated information requirements, with a focus on refining predictive capex models, improved approaches for assessing IT and overheads, streamlining labour cost and productivity escalators and extending the capital expenditure sharing scheme to gas.

The AER is scheduled to conduct a review of the weighted average cost of capital (WACC), with an updated guideline to be published by December 2016. Given that elements of the current WACC approach are being tested through merits review in the Australian Competition Tribunal and appeals in the Full Federal Court, in June 2016 we proposed a rule change to the AEMC to delay the WACC review by two years. Delaying the review will allow the outcomes of those legal processes to be reflected in the updated guideline.

## Power of Choice implementation

A key focus in 2016–17 will be our work to implement the AEMC's Power of Choice reforms that promote efficient use of energy networks and empower customers to make informed choices about their energy use. Our work in this space will include:

- finalising assessments of new tariff structures for distribution networks so that prices better reflect the costs of supplying electricity to consumers. Pricing reforms will provide better signals to consumers on the timing of their consumption and investment in new appliances and technology. The reforms will also provide incentives for more efficient network investment
- developing new ring fencing guidelines to separate the competitive and regulated parts of network businesses, to support the development of competitive markets for energy services such as metering and battery technologies
- developing a new demand management incentive scheme and innovation allowance, following a rule change in 2015 to strengthen incentives for demand management projects. The incentive scheme encourages businesses to undertake efficient non-network solutions to manage demand, such as connecting small-scale local generation. The innovation allowance provides businesses with funding for research and development in demand management

projects that have the potential to reduce long term network costs

- reviewing and updating our *Network exemption guideline* to implement a rule change requiring an embedded network to have a manager who undertakes functions linking customers to NEM systems. The review will also consider ways of reducing barriers facing embedded network customers in accessing retail market offers. Additionally, it will align requirements in the network guideline with those in the *Retail exemption guideline*.

## Network planning and expansion

The regulatory framework requires a network business to assess proposed investments against all credible options to determine the most efficient way of meeting identified needs. Under the regulatory investment tests for transmission (RIT-T) and distribution (RIT-D), investments must pass a cost–benefit analysis or provide the least cost solution to meet network reliability standards. The tests provide consistency, transparency and predictability in network investment decision making.

The AER monitors businesses' compliance with the tests and, on request from a transmission network business, determines whether its assessment satisfies the test. We also resolve disputes over how network businesses apply the tests.

In June 2016, the AER submitted a rule change proposal to improve transparency in the planning of network replacement expenditure. We will work with the AEMC to progress this rule change in 2016–17. The proposal widens:

- the scope of the regulatory investment tests to cover replacement capital expenditure (the tests currently only apply to augmentation expenditure)
- obligations on network businesses to report on asset replacement in their annual planning reports.

The impetus for the rule change proposal is recent growth in replacement expenditure as a proportion of all network investment, and the increasing viability of non-network alternatives to this expenditure.

## Oversight of network regulation

In 2016–17 we will continue to undertake broader regulatory oversight roles, including:

- publishing benchmarking reports for electricity networks, with data supporting our reviews of revenue allowances, along with financial and operational information on network businesses collected in regulatory information notices
- undertaking annual tariff reviews for electricity distribution businesses and gas pipelines
- assessing network proposals on matters including cost pass throughs, contingent projects and prudent discounts
- monitoring the compliance of network businesses with the energy legislation and rules (program area 4)
- assisting in access and connection disputes
- reporting on business performance under incentive schemes covering service performance and demand management.

In addition to our work under the national energy legislation, we undertake functions under state and territory legislation. These roles (for certain jurisdictions) include resolving customer disputes on network access and regulating the capital contributions of customers connecting to distribution networks under jurisdictional guidelines.

In Victoria, we are responsible for determining electricity distribution businesses' revenues and charges for advanced metering infrastructure. This role will end in 2016–17 after we complete assessments of above-forecast expenditure made by the businesses in 2014 and 2015. We also administer a fire factor (f-factor) scheme imposed by the Victorian Government on the five Victorian electricity distributors. The scheme provides financial incentives and penalties to reduce the risk of fire starts and loss or damage caused by fire starts.

## Program area 2: Retail energy markets

The AER regulates retail energy markets in Queensland, New South Wales, South Australia, Tasmania (electricity) and the ACT. Our functions, set out in the National Energy Retail Law, aim to help consumers engage confidently in the retail market and make well informed choices. We also play a role in administering consumer protections set out in the Retail Law.

In particular, we:

- operate an energy price comparator website ([www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au)) for residential and small business customers
- oversee retail market entry and exit by assessing applications from businesses seeking authorisation to become an energy retailer (and those seeking an exemption from authorisation), and administering a national retailer of last resort scheme to protect consumers and the market if a retailer fails
- monitor compliance by retailers and distributors with their obligations in the Retail Law, taking enforcement action where necessary (program area 4)
- report on the performance of the market and energy businesses (including information on energy affordability)
- approve customer hardship policies that energy retailers must implement for customers facing financial hardship and looking for help to manage their bills.

We do not set retail energy prices; rather, we guide and inform energy consumers so they can understand the range of energy offers available, make informed choices about those offers, and be aware of their rights and responsibilities when dealing with energy providers. Our Energy Made Easy website is a key vehicle for providing this information.

Retail energy markets are evolving, with new products and services (for example, solar photovoltaics and battery storage products, load management and subscription pricing) that were not explicitly contemplated when the Retail Law was introduced. A key focus for the AER in 2016–17 is to ensure our regulatory processes are sufficiently flexible and adaptable to accommodate innovative products and services, while maintaining appropriate consumer protections.

### Energy Made Easy website

The complexity and structure of retail offers can make it difficult for consumers to make comparisons and exercise informed choice when entering contracts. The Energy Made Easy website aims to help residential and small business energy consumers navigate electricity and gas retail markets to find a suitable energy offer. It includes a price comparator with details of all generally available offers in participating jurisdictions. The website allows consumers to compare their electricity use with that of similar households, and to learn about their rights and obligations, contracts and bills, and energy efficiency. It also provides general information on the energy market.

Following recent website enhancements to improve ease of use and accessibility, we will expand our promotion of the Energy Made Easy website during 2016–17 to raise awareness of its benefits to consumers. This promotional activity may include roadshows, demonstrations and our participation in consumer expos.

In 2015–16, we updated our retail pricing guidelines to reflect the enhancements to the Energy Made Easy website and to improve the quality of information given to consumers when entering retail contracts. During 2016–17 we will work with retailers so that they understand the new requirements.

### Authorisations and exemptions

The behaviour of energy providers affects consumer confidence in the retail market. We assess applications for entry into the market, and guide potential applicants. This provides confidence that authorised retailers are aware of and can meet their obligations under the Retail Law.

We consult publicly on authorisation and certain exemption applications, and aim to release a decision within 12 weeks of receiving all relevant information.

The energy market is evolving and advances in technology, including energy storage, are creating new ways for businesses to sell energy. We revised our *Exempt selling guideline* in March 2016 to communicate our approach to assessing these alternative energy selling models. The revisions also provide further guidance to businesses looking to retrofit premises to create embedded networks. In particular, we highlighted that businesses retrofitting premises are generally limiting their customers' access to retail competition, so must

take additional steps to minimise any negative impacts on customers.

In 2016–17 we will focus on business compliance with the guideline. More generally, we will continue to monitor market developments to make sure our approach to new types of products and services entering the market achieves regulatory efficiency, while protecting the interests of consumers.

## Hardship policies

Authorised retailers must operate a customer hardship policy to help residential customers experiencing payment difficulties to better manage their energy bills. We assess the hardship policies of new entrant retailers, and monitor and assess compliance with approved hardship policies (program area 4). We also assess amendments to approved policies.

Following our 2015 review of energy retailers' customer hardship policies and practices, we worked closely with stakeholders to develop a voluntary *Sustainable payment plans framework*. Released in June 2016, the framework aims to achieve better outcomes for customers experiencing financial difficulties by helping customers and retailers agree on payment plans that are affordable and sustainable. It includes principles to guide retailers' conversations with customers on capacity to pay, and good practice actions and considerations for each stage of a payment plan.

In 2016–17 we will work with retailers and customer groups to promote the framework and encourage its wide use.

## Retailer of last resort scheme

The retailer of last resort (RoLR) scheme ensures customers continue to receive electricity and/or gas supply in the event of a retailer failure. Our website has a register of retailers available to take on the customers of a failed retailer. In the event of a retailer failure we appoint a retailer from that register.

In early 2016, the AER administered its first electricity and gas RoLR events when the retailer Go Energy was suspended from the National Electricity Market and gas short term trading market, and entered administration.

In 2016–17 we will:

- finalise our review our RoLR processes in light of the Go Energy RoLR events, and report on outcomes to the COAG Energy Council
- administer the registration arrangements for default and additional RoLRs, including periodic reviews of RoLR appointments and offers

- engage in any legislative and rule change processes to implement recommendations from the AEMC's financial market resilience review and, once those recommendations have been implemented, develop any necessary refinements to our RoLR documents and processes.

## Performance reporting

Performance reporting on energy businesses enhances transparency and accountability, and provides incentives for businesses to improve performance. It also helps identify emerging issues requiring a compliance or enforcement response. We will continue to communicate performance outcomes to stakeholders through comprehensive, clear and regular reporting. We aim for our performance reporting framework to be sufficiently flexible to keep pace with ongoing market evolution.

We publish an annual retail performance report that covers:

- an overview of market activity
- hardship program indicators and the handling of customers experiencing payment difficulties
- customer service and complaints
- disconnections and reconnections
- energy affordability
- distribution businesses' performance against network service standards.

In addition to this annual reporting, we publish quarterly data on retail market performance.

Our 2015–16 annual performance report (to be released before 30 November 2016) will cover Queensland retailers for the first time.

## Information and engagement

We liaise with stakeholders interested in the Retail Law, including energy businesses, ombudsman schemes, jurisdictional regulators, the ECA and other market bodies. We also engage with residential and small business consumer intermediaries that support disadvantaged and vulnerable energy consumers. These relationships help us to identify gaps in consumers' understanding of energy markets and barriers to consumers' effective engagement.

Our Consumer Consultative Group provides advice on issues as they arise, including market and compliance matters. Group members also raise issues that are important to their constituencies. The group is expected to have at least three formal meetings in 2016–17. We will review membership of the group in 2016–17.

## Program area 3: Wholesale energy markets

We have responsibilities in wholesale energy markets, encompassing:

- the NEM—a spot electricity market in eastern and southern Australia
- spot gas markets—the short term trading market in Sydney, Brisbane and Adelaide, the Victorian wholesale gas market and gas supply hubs at Wallumbilla (Queensland) and Moomba (South Australia).

We monitor the markets to:

- ensure participants comply with the underpinning legislation and rules. Our compliance and enforcement work in wholesale markets occupies significant resources (program area 4)
- detect irregularities and wider harm issues such as market manipulation.

We report on these matters to promote market transparency and confidence. We draw on this work to advise the COAG Energy Council, the AEMC and other bodies on wholesale market issues, and to assist the ACCC—for example, on energy mergers.

The AER in 2016–17 may acquire a new role in monitoring and reporting on the effectiveness of competition in the wholesale electricity market. The role would provide a longer term perspective on the operation of the market, focusing on identifying market features that impact on the efficient functioning of the market. Our work would include publishing a wholesale market review at least every two years. The AER is engaging with the COAG Energy Council's consultation process on draft legislation to implement this workstream.

### Market monitoring and reporting

Our reporting on market activity provides a foundation to detect non-compliance, market irregularities and manipulation, and consumer harms.

In 2016–17 we will continue to closely monitor wholesale energy markets and publish timely reports on activity. Our publications include weekly market reports on activity in:

- the NEM, including analysis of prices greater than three times the weekly average price in a region and above \$250 per megawatt hour, and prices below  $-\$100$  per megawatt hour
- spot gas markets.

We also publish more detailed analysis of electricity prices above \$5000 per megawatt hour, significant gas price variations in the Victorian market and short term trading markets, and special reports on systemic market issues.

Our market intelligence is drawn together in the annual *State of the energy market* report, which explains important market developments, factors impacting on energy prices, and regulatory and policy responses being implemented. It is a valuable resource for market participants, policy makers and the wider community.

The AER website ([www.aer.gov.au](http://www.aer.gov.au)) provides stakeholders with timely access to information on energy market activity.

### Improving market outcomes

We engage in workstreams to strengthen the operation of wholesale energy markets, particularly where we have specialist expertise and knowledge. For example, we participate in market reviews and working groups, initiate or engage in rule change processes with the AEMC, and develop frameworks for participant compliance with new obligations arising from those processes.

A key focus in 2016–17 will be to introduce new processes and guidance on recent rule changes relating to false or misleading rebids by generators, and generator ramp rates. In gas, a priority will be to continue refining our monitoring systems related to enhancements to the National Gas Bulletin Board and to identify instances of market manipulation at the Wallumbilla and Moomba gas supply hubs. We will also engage in processes that may arise out of recommendations in the AEMC's East coast gas review and ACCC's inquiry into eastern and southern Australian wholesale gas prices, some of which may result in refinements to market design.

### Participant bidding

A rising incidence of late rebidding in the NEM led the AEMC in 2015 to amend the bidding in good faith provisions in the electricity rules. A new rule, taking effect in July 2016, replaced the requirement for generators to make bidding offers in good faith, with a prohibition against them making false or misleading offers. The rule change aims to strengthen market efficiency by improving the quality of information forecasts in the NEM. In 2016–17 we will refine our monitoring and compliance systems to track participant compliance with the new rule.



In 2015, the AEMC replaced the bidding in good faith and related provisions in the electricity rules with a prohibition against generators making false or misleading offers. The new rule, which takes effect from 1 July 2016, also requires participants to rebid as soon as practicable and to keep contemporaneous records for rebids made within the late rebidding period. The rule change aims to strengthen market efficiency by improving the quality of information forecasts in the NEM. In 2016–17 we will refine our monitoring and compliance systems to track participant compliance with the new rule.

Bidding behaviour is also a focus in spot gas markets. We will continue to focus on the drivers of bidding and rebidding behaviour in those markets to detect irregularities.

### **Generator ramp rates**

Market efficiency depends in part on the speed at which generator output can adjust to a change in merit order. Following a proposal from the AER, the AEMC made a rule change in 2015 that increases the minimum ramp rate aggregated generators are required to offer. We will refine our monitoring and compliance systems during 2016–17 to track participant compliance with the new rule, which takes effect in July 2016.

### **Following dispatch instructions**

The electricity market operator, AEMO, issues dispatch instructions to generators aimed at ensuring supply and demand safely balance at all times. A failure by a generator to follow dispatch instructions may allow it to increase its revenue at the expense of efficient prices and power system security.

These provisions will remain a priority throughout 2016–17 and the AER will work with industry to ensure our approach to compliance in this area is well understood.

### **Market manipulation in gas supply hubs**

The AER monitors for market manipulation in gas supply hubs located at Wallumbilla (Queensland) and Moomba (South Australia). In 2016–17 we will continue to refine our monitoring systems and strengthen our analytical capabilities for assessing data from the hubs, as well as other gas spot markets.

Our work in this area will include engaging with ASIC on linkages between spot gas and derivative markets. We will also work with AEMO on access arrangements for data on the Moomba hub.

### **Market competition**

In 2016–17 we will continue to monitor behaviour and participant conduct in gas and electricity markets and report weekly on outcomes, with more detailed reporting on extreme prices. We also report on structural and behavioural indicators of competition in the *State of the energy market*.

To support this work, we will continue to refine our methods for assessing significant variations in price and demand outcomes from those forecast, both in electricity and gas markets.

The AER in 2016–17 may acquire a new role in monitoring and reporting on the effectiveness of competition in the wholesale electricity market. The AER is engaging with the COAG Energy Council on draft legislation to implement this workstream.

### **Integrating emerging technologies**

The AER will continue to support projects examining the changing energy supply mix, including how best to integrate new technologies in the market, and identifying technical challenges to the secure operation of the power system. A particular area of focus is on South Australia, which has the highest penetration of wind and solar photovoltaic generation in the NEM.

## Program area 4: Compliance and enforcement

We monitor and enforce the compliance of market participants, energy service providers, AEMO and others with the national energy legislation and rules governing wholesale energy markets, the supply of energy network services and retail energy markets. We have similar roles under local instruments in some jurisdictions, as agreed by the COAG Energy Council.

Our general approach is to provide guidance on good industry practice, and promote a culture of compliance by businesses with effective internal practices. An aspect of this work is to identify the boundaries of unacceptable conduct and clearly communicate our expectations to energy businesses.

We employ a risk-based approach to monitoring and enforcing compliance with the national energy legislation and rules, focusing on the impact and probability of a breach, and allocate our resources on that basis.

We strive for a proportionate response to breaches. Ideally, energy businesses should resolve compliance issues through agreed outcomes, without the exercise of statutory enforcement powers or financial penalties. Targeted and timely enforcement action may be necessary and appropriate in certain circumstances. A statement of approach (available on our website) sets out our approach, which aims for consistency across the industry.

We apply a range of tools to encourage participants to operate in ways that deliver efficient market outcomes. Our core approaches include:

- market monitoring to identify possible compliance issues
- applying a risk-based approach that avoids unnecessary regulatory burden
- engaging with other regulators and agencies (such as ombudsmen) to identify compliance issues
- engaging with energy businesses and other participants through forums and meetings on our approach to compliance and enforcement, and to address industry concerns
- regular targeted compliance reviews of areas of the national laws and rules to assess how industry participants comply with their obligations
- reviews of information that energy businesses publish on their websites and in other media
- exception reporting, whereby regulated entities track and notify us of their own breaches

- strategic projects that focus on longer term harms or risks, with metrics to measure our effectiveness
- general audits of compliance with certain provisions, including audits that we conduct in response to market events or inquiries that raise compliance concerns
- rolling annual audits of compliance programs for technical performance standards of generators and network businesses
- enforcement responses to identified breaches, including cooperative solutions, infringement notices and court action
- publishing reports and bulletins with guidance on our compliance activity and expectations of market participants.

During 2016–17 we will continue to develop surveillance systems and procedures for monitoring compliance, reviewing outcomes and taking appropriate enforcement action.

More generally, we will participate in implementing recommendations arising from the COAG Energy Council's review of enforcement regimes across the national energy legislation. Our work in this area may include engaging on proposals for regulatory and legislative changes.

### Compliance reporting

In 2016–17 we will monitor and report on the compliance of energy businesses with their obligations under the energy legislation and rules. We will also report on our actions to address deficiencies and breaches, including enforcement action undertaken. Our reporting framework includes:

- quarterly compliance reports on the electricity and gas wholesale markets and network businesses
- annual compliance reports on the energy retail sector, supplemented by incident reports on completed enforcement matters.

### Compliance focus areas

While we monitor compliance with all obligations in the energy legislation, we adopt priority focus areas each year. Our focus areas for 2016–17 include those in table 1.

**Table 1: Compliance focus areas 2016–17**

SECTOR	COMPLIANCE FOCUS
Wholesale markets	Quality of data submitted by participants to the gas bulletin board
	Extend our compliance monitoring framework, including market conduct rules, to the Moomba gas supply hub launched in 2016
	Refine our monitoring systems to track compliance with new rules on participant bidding and generator ramp rates in the NEM, and update our guidelines to industry
	Work with industry to ensure our approach to compliance in relation to participants' obligations to follow dispatch instructions is well understood
	Audit energy business's compliance programs for technical performance standards
Retail markets	Protections for customers facing barriers to accessing the competitive market, including disadvantaged and vulnerable customers and customers in embedded networks
	Monitor market developments to ensure our compliance approach remains relevant as new products and services are introduced
	Assess matters reported to us in periodic exception reports from retailers and distributors
	Assess whether retailers are complying with the provisions set out in their approved customer hardship policies
	Use the exception reporting framework to identify emerging compliance issues and provide industry guidance on these matters
	Broaden our approach to compliance in the area of life support
Networks	Extend our compliance monitoring framework to Western Australian networks (subject to the passage of enabling legislation)
	Respond to any compliance issues relating to electricity transmission networks meeting their obligations to negotiate with third parties on network connections
	Resolve connection disputes between electricity distribution businesses and small customers
	Monitor the application of regulatory tests to ensure network businesses meet consultation requirements, apply principles of competitive neutrality and assess capital proposals in a transparent manner
	Assess ring fencing compliance reports for covered gas pipelines (and electricity networks, subject to the outcome of a likely rule change proposal)

# Deliverables and performance indicators 2016–17

## AER work program

The following deliverables and performance indicators for 2016–17 apply at an organisation-wide or program level. The indicators measure AER performance against its work program, and in meeting the expectations of the COAG Energy Council.

### Agency-wide

DELIVERABLE	2016–17 TARGET
<i>Progress on work program and expenditure against budget</i>	
Publish a detailed work program as part of our <i>Statement of intent</i> .	Publish by 1 July 2016
Report through the ACCC–AER statutory Annual report on our expenditure against the program budget allocated to AER.	Report to Treasury by 29 August 2016
Publish an AER Annual report setting out outcomes against our work program, including compliance with statutory timelines.	Publish by 30 September 2016
Undertake our work program within budget as determined through the Australian Government budgetary process.	Undertake work program within budget
Publish any significant changes to our work program on AER website.	Publish all changes within 14 days
Report to COAG Energy Council on progress against work program, including outcomes, issues and any variations.	Provide updates as requested by the COAG Energy Council
<i>Stakeholder engagement</i>	
AER board and senior executives communicate with stakeholders via speeches, forums and the media.	Qualitative target
Meet periodically with the Consumer Challenge Panel, jurisdictional groups of consumer representatives and the Customer Consultative Group, in conducting our work program.	Monthly meetings of CCP subgroups with AER staff, and at least two meetings of jurisdictional groups during each regulatory reset; and three meetings of CCG
Undertake a broad stakeholder survey every two years that includes an assessment of the quality of our stakeholder engagement.	Publish outcomes of 2016 stakeholder survey in 2015–16 AER Annual report
Publish the State of the energy market report, with accessible information on market activity and dynamics.	Publish report by 1 April 2017
<i>Improving capabilities</i>	
Utilise dedicated IT team which consolidates our systems capabilities, to strengthen efficiency through agency-wide consistency.	Qualitative target
Streamline information requirements on energy businesses to reduce regulatory burden.	Implement changes to RIN requirements through the review of the Expenditure assessment guideline
Continue to improve our data systems to support effective benchmarking.	Database refinements operational by 30 June 2017

## Work program area 1: Energy networks

DELIVERABLE	2016–17 TARGET
Complete all regulatory decisions on electricity networks and gas pipelines within statutory timeframes.	Publish three electricity and one gas determinations, within statutory timeframes
Publish annual benchmarking report and RIN data for <i>electricity networks</i> .	Publish benchmarking report by 30 November 2016
Resolve disputes within legislated timeframes, including on network access and connections, and regulatory investment tests.	100 per cent
Implement any reforms arising from AEMC rule changes, by developing or amending guidelines and through the regulatory determination process.	Qualitative target
Prepare for the application of the National Electricity Law in Western Australia.	Finalise regulatory framework in consultation with WA officials

## Work program area 2: Retail energy markets

DELIVERABLE	2016–17 TARGET
Actively monitor retail markets as new products and services are made available to ensure our guidelines and systems remain efficient and effective.	Qualitative target
Our price comparator website, Energy Made Easy, provides accurate and timely information for consumers.	All offers published on website within two business days of receipt from retailers
Publish an annual performance report and quarterly data on the retail energy market (including energy affordability).	Annual report published by 30 November 2016 Quarterly data published on website within 12 weeks of quarter's end
Assess retailers' hardship policies (and proposed amendments) in a timely manner.	Assess all policies and amendments within 12 weeks of receiving required information
Assess retail authorisation/exemption applications in a timely manner.	Assess all authorisation/exemption applications within 12 weeks of receiving required information
Apply processes to support the timely transfer of affected customers in the event of a retailer failure.	Meet all obligations within statutory timeframes

## Work program area 3: Wholesale energy markets

DELIVERABLE	2016–17 TARGET
Monitor energy spot markets to detect impediments to efficient trade, market irregularities and consumer harm.	Report on identified impediments in weekly reports and State of the energy market report, and through briefings with regulatory bodies and the COAG Energy Council
Prepare for expected new legislative responsibilities in the NEM by developing metrics on the effectiveness of competition in energy wholesale markets.	Qualitative target
Support the AEMC in progressing rule change proposals aimed at improving market efficiency.	Engage in all processes where the AER can provide valuable perspectives
Publish timely reports on wholesale electricity and gas market activity.	Publish at least 75 per cent of weekly reports within 12 business days of week's end
Report within statutory timeframes on extreme price events in wholesale electricity markets, and significant price variations in spot gas markets.	Publish all reports within statutory timeframes

## Work program area 4: Compliance and enforcement

DELIVERABLE	2016–17 TARGET
Enforcement action is targeted and proportionate to regulatory risk.	Matters selected for enforcement activity improve market outcomes for customers
Ensure compliance framework keeps pace with market developments to provide appropriate consumer protections.	Qualitative target
Consistent with regulatory risk, conduct targeted reviews of compliance with the national energy rules, and report on outcomes.	Conduct quarterly reviews of selected obligations, and publish outcomes in quarterly compliance reports
Audit the compliance systems of selected energy businesses, and report on outcomes.	Audit systems for two energy businesses that are critical to market efficiency and energy security
Publish quarterly compliance reports on wholesale markets and networks.	Publish reports within six weeks of quarter's end
Publish an annual compliance report on retail markets.	Publish report by 30 November 2016
Communication with businesses is clear and targeted.	Conduct at least two roundtables or other forums with energy businesses on compliance  Issue at least two 'compliance checks' to businesses
Provide clear targeted guidance to businesses on compliance monitoring framework.	Provide guidance to businesses on their compliance reports made under the compliance guideline, within eight weeks of the reporting period



# Regulator performance framework

In undertaking our functions the AER has regard to good regulatory practice, including avoiding unnecessary or inefficient regulation. The Australian Government's *Regulator performance framework* (October 2014) sets out expectations of how regulators should undertake their functions with the minimum impact necessary to achieve regulatory objectives. Consistent with the COAG Energy Council's *Statement of expectations*, the framework focuses on accountability and transparency in administering regulation. The framework identifies six indicators of good regulatory practice:

- regulators do not unnecessarily impede the efficient operation of regulated entities
- communication with regulated entities is clear, targeted and effective
- actions undertaken by regulators are proportionate to the regulatory risk being managed
- compliance and monitoring approaches are streamlined and coordinated
- regulators are open and transparent in their dealings with regulated entities
- regulators actively contribute to the continuous improvement of regulatory frameworks.

While the framework does not formally cover the AER, we have regard to these indicators in undertaking our functions. The following deliverables and performance indicators for 2016–17 relate to indicators of good regulatory practice identified in the Australian Government's Regulator performance framework.

DELIVERABLE	2016–17 MEASURES
<i>Regulators do not unnecessarily impede the efficient operation of regulated entities</i>	
Apply regulation consistently with guidance developed in consultation with regulated businesses.	Independent surveys of stakeholder satisfaction with AER processes
Meet statutory timeframes applicable to our work program to promote regulatory certainty.	Document instances of non-compliance and why they occurred
Regularly meet with other agencies, including the AEMC, AEMO, the ECA, ASIC, the Utility Regulators Forum and the Energy Intermarket Surveillance Group, to share knowledge and experience on efficient regulation.	Number of meetings with each agency and nature of engagement
Assess costs and benefits of additional information requirements prior to widening the scope of RINs.	Consult with affected businesses in each instance
<i>Communication with regulated entities is clear, targeted and effective</i>	
Regulatory determinations and other major decisions are accompanied by a decision document explaining the reasoning for the decision.	Document instances of non-compliance and why they occurred
Guidance materials and decisions published by the AER comply with government accessibility guidelines.	Document instances of non-compliance and how remedied
AER Board and staff engage with regulated businesses throughout the regulatory determination process.	Number of meetings with businesses
<i>Actions undertaken by regulators are proportionate to the regulatory risk being managed</i>	
Apply a risk based approach to compliance and monitoring activities.	Document basis for compliance and monitoring focus in compliance reporting
Recognise the compliance record of regulated entities in making enforcement decisions.	Document reasoning for enforcement decisions in compliance reporting



*Compliance and monitoring approaches are streamlined and coordinated*

An agency-wide Statement of approach guides compliance and enforcement activity across work program areas.	Document agency's consistent application of Statement of approach
Collaborate with the ACCC on energy market enforcement activity falling under the scope of both agencies.	Document communication forums and nature of engagement
For reporting purposes, use existing information where possible and limit information sought from external parties to that necessary to undertake a task.	Justify reasons for information gathered beyond that which is otherwise available

*Regulators are open and transparent in their dealings with regulated entities*

Stakeholders have an opportunity to provide written submissions prior to the AER making major regulatory decisions.	Document instances where submissions not sought and why they occurred
Publish submissions to regulatory processes on the AER website.	Document instances where submissions not published and why this occurred
Published decisions clearly set out how we accounted for stakeholder views.	Independent surveys of stakeholder satisfaction with transparency of AER decisions
Consult with industry in the preparation of any guidelines or policies.	Document instances where consultation did not occur
Engage with industry through forums.	Document number of meetings and nature of engagement
Apply risk-based frameworks, processes, guidelines and decisions that are publicly available.	Survey stakeholder confidence in our consistency with published guidance

*Regulators actively contribute to the continuous improvement of regulatory frameworks*

Engage with agencies that have energy market responsibilities in accordance with legislation and memoranda of understanding.	Number of meetings with each agency and type of engagement
Engage in policy reviews, rule change processes and reform implementation through information sharing, making submissions and participating in forums.	Document engagement and relevant processes in each area
Promptly respond to requests for information from government (including the COAG Energy Council) within specified timeframes.	Adhere to agreed time frames

# Appendix 1: Statement of Expectations for the Australian Energy Regulator

This document communicates the Standing Council on Energy and Resources' (SCER) expectations of the Australian Energy Regulator (AER). It applies from the date of receipt until otherwise amended.

## 1. The Role and Responsibilities of the AER

The AER Board is an independent entity, with staff and facilities that support the board shared with the Australian Competition and Consumer Commission (ACCC). The AER and ACCC take a coordinated approach to issues of common interest under the *Competition and Consumer Act 2010* (the Act) and the energy laws as referenced in Schedule 1.

The AER enforces the laws for the National Electricity Market (NEM), selected gas markets, and the retail energy market. The AER is also responsible for setting the prices for using energy networks. To further support the development of these markets, the AER provides strategic and operational advice to ministers responsible for energy.

SCER expects the AER to perform its functions as defined in the Act and in accordance with the legislative requirements and agreements listed in Schedule 1.

SCER expects that the AER's work supports the National Electricity Objective, the National Gas Objective, and the National Energy Retail Objective.

## 2. Relationship with the SCER

### 2.1 The AER will support the work of SCER

SCER seeks to ensure the safe, prudent and competitive development of the nation's energy markets to optimise long-term economic, social and environmental benefits to the community. It has particular policy responsibilities for oversight of Australian energy markets. The AER will support SCER's work by undertaking its responsibilities efficiently and effectively.

In addition, SCER expects that the AER will support the work of SCER by providing SCER with:

- (a) advice on developing issues relevant to SCER priorities
- (b) advice on issues as requested by SCER
- (c) reporting on priorities and work programs and other matters as required
- (d) clear communications on any other relevant matters as required.

### 2.2 Statement of Intent

SCER expects that the AER will put into place a *Statement of Intent* for each financial year, to be published before the start of that year.

The *Statement of Intent* will outline how the AER will meet the expectations set out in this Statement of Expectations. SCER expects that the AER will report against key performance indicators (KPIs) included in the *AER Statement of Intent*.

Performance for any given year should be reported as a component of, or with, the Annual Report for that year. Half year reporting of performance should also be provided where the necessary data is available through existing internal or external reporting processes.

The *Statement of Intent* is not required to be tabled in the Australian Parliament.

### 2.3 Key Performance Indicators in Statement of Intent

SCER expects that KPIs will include, but not be limited to, the AER's performance in these broad categories:

1. Progress on work program.
2. Expenditure against budget.
3. Engagement with stakeholders.
4. Improving capabilities.

SCER notes that the AER's financial accounts are consolidated into those of the ACCC. Audited disaggregated financial statements for the AER are not requested but the AER should provide clear guidance on how funds have been spent.

KPIs may be developed and adjusted by the AER from year to year where necessary balanced against the need for meaningful analysis of performance over time, in light of feedback from SCER.

#### *2.4 Publication of Statement of Expectations and Statement of Intent*

SCER expects the AER will publish and maintain the SCER Statement of Expectations and the AER's annual *Statement of Intent* on the AER website. SCER recognises that transparent processes are crucial to good governance and accountability of government and government institutions.

### **3. Other stakeholder engagement and communication**

#### *3.1 Relationship with market participants*

The AER will develop and execute effective engagement with market participants according to good practice and consistent with legislative requirements.

#### *3.2 Relationship with consumers*

The AER will develop and execute effective engagement with consumers according to good practice and consistent with the legislative requirements.

#### *3.3 Relationship with other market institutions*

The relationships between the AER and other market institutions are set out in relevant legislation and various Memoranda of Understanding (MOU) as set out in Schedule 1 and Schedule 2 of this document.

SCER expects that the AER's interaction with other market institutions will be governed by the relevant legislative framework and any MOU in place.

In particular, SCER expects that the AER will work towards promoting effective communication and coordination between the institutions, subject to confidentiality obligations.

#### *3.4 Relationship with the Commonwealth Treasurer*

SCER recognises that the AER is enabled by the Act and that the Commonwealth Treasurer has responsibility for the Act. SCER expects that the AER will carry out its functions as prescribed by the national energy legislation and rules.

### **4. Other Reporting**

#### *4.1 Financial Management*

SCER recognises reporting by the ACCC/AER under the following frameworks:

- the Act
- the *Financial Management and Accountability Act 1997*
- the *Public Governance, Performance and Accountability Act 2013*
- the Portfolio Budget Statement: Treasury Portfolio budget papers, and
- any other legislative requirements for financial management and reporting.

#### **Schedule 1**

SCER expects the AER to perform its functions as defined in the *Competition and Consumer Act 2010* (the Act) and in accordance with all relevant legislative requirements and agreements, including the:

- Australian Energy Market Agreement
- *National Electricity Act 1996* (SA)
- National Electricity Regulations (SA)
- National Electricity Rules

- *National Gas Act 2008* (SA)
- National Gas Regulations (SA)
- National Gas Rules
- *National Energy Retail Law Act 2011* (SA)
- National Energy Retail Regulations 2010 (SA)
- National Energy Retail Rules.

This list is not exhaustive and any relevant legislative requirements and agreements that define the AER's function that are not mentioned in this document will also apply and are considered as part of the AER's function by SCER.

In the event of an inconsistency between this Statement of Expectations and the preceding relevant legislation, the legislative requirements will prevail.

#### **Schedule 2**

MoU between the AER and other Market Institutions are as follows:

- The MoU between the AEMC, AER and the ACCC.
- The MoU between the AER and the Australian Energy Market Operator (AEMO).
- The MoU between the AER, ACCC and the Clean Energy Regulator.
- MoUs with jurisdictional Energy Regulators and ombudsmen.