



Strategic Statement

Our purpose

The Australian Energy Regulator (AER) works to make all Australian energy consumers better off, now and in the future.

Our work

We regulate energy networks, retailers and wholesale markets.

The energy market is in transition, and our work takes place in the context of significant technological, behavioural and systemic change. Our work places consumers at the heart of this transition, as we play our part in delivering a secure, reliable and affordable energy future for Australia. This means contributing our expertise and insight to policy debates, regulating in a way that is flexible and fosters innovation, and ensuring consumers are supported as the market evolves. We work in partnership with the other energy market bodies and the COAG Energy Council to provide strong governance.

We want to see successful businesses thrive and be appropriately rewarded because they meet the needs of consumers. This is best delivered through competition, with regulation advancing the long-term interests of consumers where necessary.

We understand the diversity of energy consumers, whether households, small businesses or larger users. Their differing abilities to protect their own interests in the market require varying levels of intervention by us.

We want to be—and be recognised as—a high-performing regulator. We are independent, open and accountable. We are ready to explore the boundaries of regulation, and take considered

risks, when necessary. Our insight into how the regulatory system is working in practice means we have a responsibility to help make the regime fit for purpose and able to cope with future challenges.

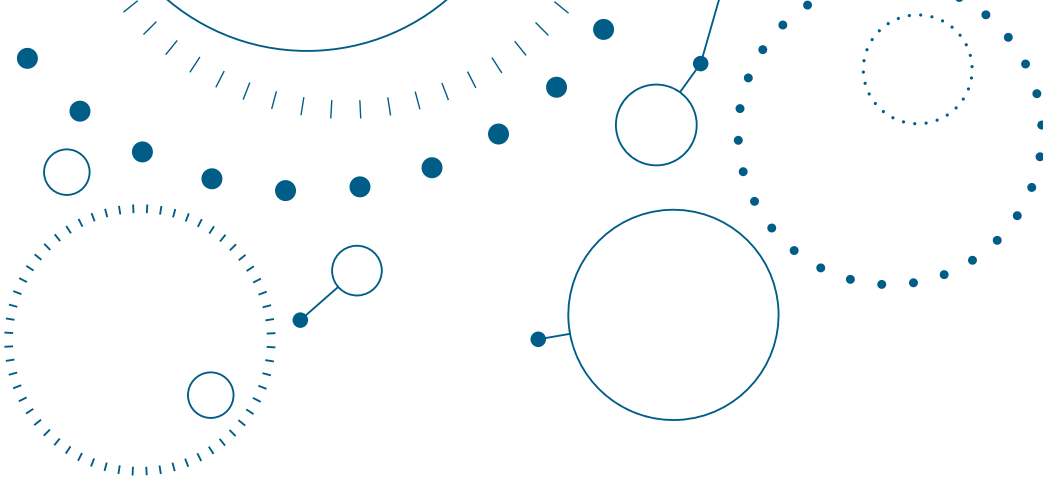
We engage actively with those affected by our work—consumers, businesses and other stakeholders. This helps us make better decisions, provides greater transparency and predictability, and builds trust in Australia's energy system.

Our functions

We regulate electricity networks and covered gas pipelines, in all jurisdictions except Western Australia. We set the amount of revenue that network businesses can recover from customers for using these networks.

We enforce the laws for the National Electricity Market and spot gas markets in southern and eastern Australia. We monitor and report on the conduct of market participants and the effectiveness of competition.

We protect the interests of household and small business consumers by enforcing the Retail Law. Our retail energy market functions cover New South Wales, South Australia, Tasmania, the ACT and Queensland. We do not set the prices consumers pay.



Our strategic objectives

Our objectives recognise that energy is an essential service for Australian households and businesses and a critical contributor to the long-term success of the Australian economy.

- 1. Drive effective competition where it is feasible**
 - We increase competitive pressures by empowering consumers to choose the products, services and suppliers they want.
 - We look for opportunities to open up markets to competition—we don't assume all network services must stay as regulated monopolies.
 - We shine a spotlight on the effectiveness of competition in the wholesale market and enforce compliance with the rules, so that bills are no higher than they need to be.
- 2. Provide effective regulation where competition is not feasible**
 - We drive the network businesses, through our 'reset' processes and ongoing oversight, to deliver good long-term outcomes for consumers in terms of price, quality, safety, reliability and security of supply.
 - We encourage and enable innovation by network businesses and show the same spirit of innovation in our own work.
 - We use our insight and expertise to improve the ways networks are regulated, by both developing our own approaches and proposing changes to rules and policies.
- 3. Equip consumers to participate effectively, and protect those who are unable to safeguard their own interests**
 - We give consumers confidence that individual energy businesses are operating properly and that they will be protected if things go wrong. We take action against businesses that don't play by the rules, to address non-compliance and improve future behaviour.
 - We encourage consumers to engage in the market and assist them to make the best choice for their circumstances.
 - We help consumers to play a growing role as participants, not just recipients, in the energy system.
 - We work to protect households in vulnerable situations, focusing on those who are less able to help themselves and/or might suffer more harm as a result of vulnerability.

4. Use our expertise to inform debate about Australia's energy future, the long-term interests of consumers and the regulatory landscape

- We provide an independent, expert view to government and other policy-makers, based on our in-depth, practical experience of how the market is working now and how well-placed it is to deal with long-term challenges.
- We have effective relationships with the COAG Energy Council, the Energy Security Board and our partners—the other market bodies, state-based regulators, Energy Consumers Australia and energy ombudsmen schemes—on emerging issues and regulatory strategies.
- We assess and comment on industry performance and how this affects both competition and the consumer experience, to inform regulatory decision-making and improve long-term outcomes.

5. Take a long-term perspective while also considering the impact on consumers today

- We make hard decisions about the long-term—some of our decisions will have an impact for the next 50 years or more. In doing this, we look beyond the immediate implications of current issues.
- We want to foster confidence among households and businesses that the energy system is working well for them, as levels of public trust now can have a long-term impact on consumer engagement and the effectiveness of competition.
- We are an authoritative and trusted source of information about energy markets.

Setting our priorities

We do this by considering:

- our duties and powers
- formal statements of government expectations
- energy market rules set out in legislation and elsewhere
- the respective roles of the AER, the Australian Energy Market Commission and the Australian Energy Market Operator
- our analysis of potentially significant risks to the effective operation of the energy market and/or the regulatory regime
- technological and market developments
- our insight into consumer experience, business behaviour and detriment in the energy market
- our expertise in how regulation is working in practice
- stakeholder expectations and insight, gained through engagement with a wide range of organisations
- good regulatory practice.

Achieving our objectives

