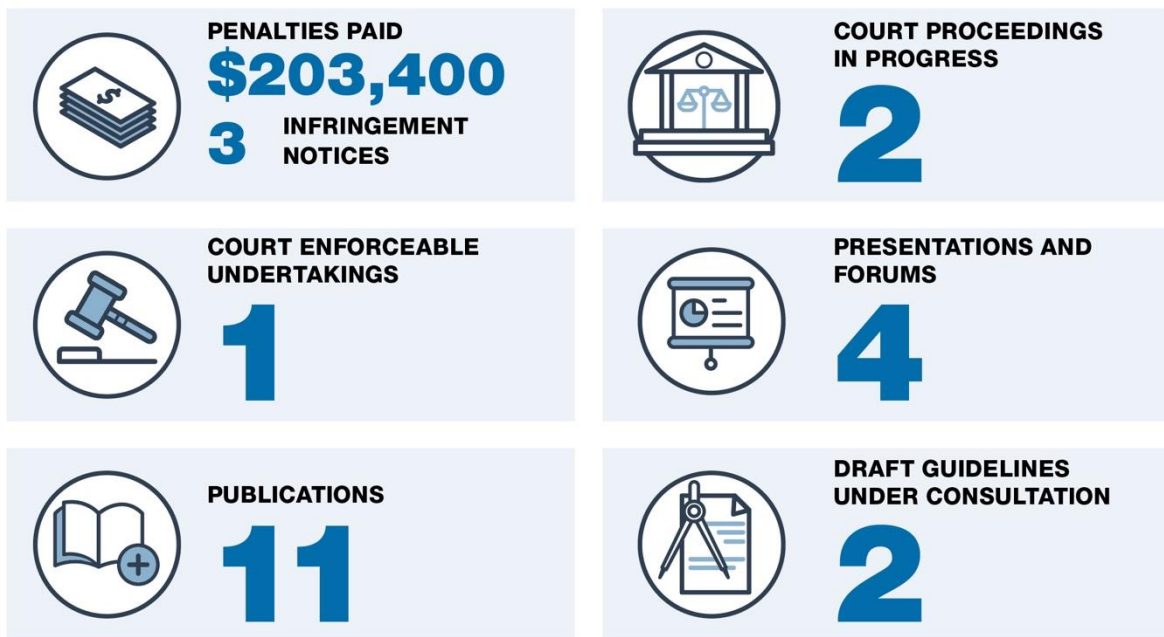




OUR YEAR TO DATE





Compliance and enforcement priorities for 2022–23


The AER announced its compliance and enforcement priorities for 2022–23:

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1 Effective identification of residential consumers in financial difficulty and offer of payment plans that have regard to the consumer's capacity to pay.
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2 Improve outcomes for consumers in embedded networks, including by enabling access to ombudsman schemes.
- 

3 Focusing on registered generators' compliance with offers, dispatch instructions, obligations relating to bidding behaviour and providing accurate and timely capability information to the Australian Energy Market Operator (AEMO).
- 

4 Ensure service providers meet information disclosure obligations under Part 23 of the National Gas Rules.
- 

5 Ensure timely and accurate gas auction reporting and demand forecasting in downstream wholesale gas markets by registered participants.

Ongoing priorities

In addition to the work in these priority areas, the AER will continue to act where there are serious issues impacting vulnerable consumers, including life support consumers. The AER will also continue to help shape new or emerging markets and to implement new guidance, such as the Better Bills Guideline.

The priorities should be read in conjunction with the [AER Compliance and Enforcement Policy](#), which sets out how we approach our compliance and enforcement roles and functions in accordance with the national energy laws.

Priority 1 – Effective identification of residential consumers in financial difficulty and offer of payment plans that have regard to the consumer’s capacity to pay

The AER continues to focus on ensuring residential customers in financial difficulty receive the full suite of hardship protections in the National Energy Retail Law (Retail Law) and the National Energy Retail Rules (Retail Rules).

With considerable challenges facing the east coast energy market and rising costs of living generally, the AER closely monitors data on consumers facing financial difficulties, including debt levels, the number of consumers on payment plans and hardship programs, and the successful completion of those plans and programs. We remain concerned by the average debt per customer on entry into hardship programs, the number of cancelled payment plans and the number of customers being disconnected, which may suggest that customers are not being identified as hardship customers early enough.

Since July 2022 the AER has undertaken a range of compliance activities to support this priority. This includes continuing to work with community sector participants to establish a compliance reporting framework to support more proactive identification of hardship trends. We have delivered capacity building events in partnership with community sector participants to promote understanding of hardship, payment plan and related provisions.

The AER has written to retailers reminding them of their hardship obligations under the Retail Law and Retail Rules to promptly identify customers in financial difficulty and offer payment plans that have regard to a customer’s capacity to pay. We have set out the AER’s expectations of best practice when engaging with consumers demonstrating hardship indicators and provided retailers with practical guidance on what this looks like. Retailers have been put on notice that the AER will conduct ‘spot checks’ of retailers’ compliance with hardship obligations in the near future.

Priority 2 – Improve outcomes for consumers in embedded networks, including by enabling access to ombudsman schemes

Embedded networks are private electricity networks that serve multiple premises at sites such as apartment blocks, caravan parks and retirement villages. The owner/operator of a site with an embedded network runs the network infrastructure. In most cases, the owners of the embedded network (such as a body corporate/owners corporation or caravan park

owner) buy energy from an authorised retailer and then on-sell it to site occupants or residents (this is known as 'exempt selling'). However, increasingly, authorised retailers are selling energy directly to consumers in embedded networks. This has been included in this year's priority work.

Stakeholders continue to inform us about the inherent vulnerability of embedded network consumers. These consumers may be locked into an arrangement with an exempt seller or retailer servicing the entire embedded network and face difficulty in accessing other energy offers outside of that arrangement. Further, while authorised retailers are subject to a number of consumer protection obligations in the National Energy Customer Framework, protections are not as strong for consumers buying energy from exempt sellers.

To improve protections for consumers buying energy from exempt sellers, the AER published version 6 of the [Retail Exempt Selling Guideline](#) in July 2022. This update introduced several new obligations on exempt sellers designed to protect their customers, such as the introduction of a hardship policy condition. This new condition obliges exempt sellers to afford various protections to residential customers in embedded networks who experience payment difficulties to better manage their energy bills. This includes giving customers access to flexible payment options and notifying customers of appropriate government concession programs and financial counselling services.

To support the release of the Retail Exempt Selling Guideline we have engaged in a range of compliance activities, including:

- publishing a number of [fact sheets](#) for consumers and small businesses designed to clearly explain the rights and obligations of exempt sellers and their customers
- engaging extensively with ombudsmen, industry and consumer groups, including through webinars and public forums
- writing to all exempt sellers, informing them about the recent changes and of their obligations in the event they can no longer continue selling energy to their customers.

In October 2022 the AER published its [draft Network Exemptions Guideline](#) (version 7) for public consultation. Proposed changes to the guideline include clarifying certain concepts, exemption classes and exemption conditions, improving protections for embedded network customers (including arrangements for continuity of supply in the event of financial failure of an exempt seller or authorised retailer) and streamlining content for readability and enforceability.

Other compliance activities under this priority have included a campaign launch, in conjunction with the Energy and Water Ombudsman NSW, to increase exempt customer awareness of their right to access ombudsman scheme services. The AER will increase its compliance focus on authorised retailers that operate in embedded networks in the second half of 2022–23.

The AER has ongoing investigations in relation to embedded networks, including in relation to an alleged failure by an embedded network operator to join an energy ombudsman scheme and alleged failures to register with AEMO or register exemptions with the AER while owning, operating or controlling an embedded network. Registration with AEMO or exemption from the AER, and membership with the relevant energy ombudsman scheme

(where required), are important to ensure residents in embedded networks receive a range of protections under the law or the AER's Network or Retail Exemption Guideline.

Priority 3 – Focusing on registered generators' compliance with offers, dispatch instructions, obligations relating to bidding behaviour and providing accurate and timely capability information to AEMO

The requirement for generators to ensure that they can comply with their offers at all times, and to follow dispatch instructions from AEMO, is critical to power system security and efficient outcomes in wholesale energy markets. This helps 'keep the lights on' during the energy transition. This year's priority also includes obligations around bidding behaviour and providing accurate and timely capability information to AEMO. The AER will not hesitate to investigate conduct that contributes to market events, such as making false or misleading offers, bids or rebids or failures to comply with obligations like providing accurate projected assessment of system adequacy information to AEMO.

Since July 2022 the AER has taken the following actions to support this priority.

Semi-Scheduled Generator Compliance Bulletin

We released the [Semi-Scheduled Generator \(SSG\) Compliance Bulletin](#) on 1 July 2022. This guidance sets out our expectations around compliance with key obligations for critical aspects of SSG operations, including for new requirements introduced in April 2021. The bulletin also educates participants on relevant supporting procedures from AEMO and the AER.

We will continue to monitor SSG compliance, with a focus on obligations to meet dispatch instructions, and consider further action where we continue to observe non-compliance by SSGs.

Expansion and rebrand of Summer Readiness

The AER has published the 'Summer Readiness' compliance guidance since 2017 to assist participants with operational challenges in summer. On 28 November 2022 we published the [NEM Readiness Guide](#) and checklist, which is a rebranded version of the Summer Readiness publication, to recognise the importance of participants maintaining a focus on compliance with their obligations all year round.

The readiness guide includes examples of what the AER considers to be good industry practice, informed by our recent work including the compliance review of the 25 May 2021 event in Queensland and the generator bidding conduct investigation outlined below.

Contingency frequency control ancillary services (FCAS) Compliance Bulletin

The Contingency FCAS Compliance Bulletin, first released in February 2022, outlines for electricity market participants our expectations about compliance with a number of critical obligations relating to contingency FCAS under the Electricity Rules. Contingency FCAS are used to recover the frequency of the system following large disturbances, such as following the sudden loss of power generation or a large commercial or industrial customer's power usage.

Contingency FCAS are important because they are used to maintain the frequency in the power system, allowing AEMO to manage the system safely, securely and reliably. These services are used infrequently, but because participants are paid to be able to provide them when needed (like an insurance policy), it is essential that participants are ready at all times to deliver these services in the event they are needed.

We released an [updated version of the bulletin](#) on 25 October 2022 in light of the [Federal Court outcome](#) relating to Hornsdale Power Reserve's alleged breaches of contingency FCAS obligations. In the update we set out our expectations that participants:

- understand how any changes to plant may impact on contingency FCAS capabilities, regardless of whether these changes are carried out by the participant or a third party
- understand that plant changes are broader than mechanical changes to physical plant and include software and firmware upgrades to control systems or applicable settings
- regularly monitor performance as an essential part of their compliance systems, such that they regularly assess the actual frequency response of plant that is enabled to provide contingency FCAS.

Generator bidding conduct investigation

On 15 December 2022, the AER released its [report into the market events](#) that led to the suspension of the National Electricity Market (NEM) in June 2022.

On 16 June 2022, the AER commenced a formal investigation into the conduct of generators during the administered price cap (APC) period, immediately prior to AEMO suspending the market in mid-June 2022.

On 12 and 13 June 2022, the APC was triggered in the Queensland, New South Wales, Victorian and South Australian regions of the NEM. On 15 June 2022 AEMO suspended the wholesale spot market in those regions. The APC remained in force for South Australia until 22 June 2022 and for New South Wales, Victoria and Queensland until 23 June 2022. On 24 June 2022 AEMO declared the end of the suspension period and resumed the market.

During an APC period, generators can seek compensation (cl 3.14.6) based on direct and opportunity costs (cl 3.14.6(d)). Generators are also able to seek compensation when directed by AEMO under (cl 4.8.9) based on direct costs.

The investigation considered whether generators had intentionally or recklessly caused or significantly contributed to the circumstances causing AEMO to issue a direction (cl 4.8.9(c2) of the National Electricity Rules (NER)). This focus arose due to reports from a number of stakeholders, including AEMO, that generators were withdrawing capacity in order to be directed on by AEMO, which would then enable them to obtain compensation pursuant to the directions compensation scheme established by the NER. The investigation also considered other potential breaches of the NER concerning false or misleading offers, bids or rebids, and conduct related to projected assessment of system adequacy (PASA) submissions.

The AER released the findings of its investigation and resulting policy and compliance considerations on 15 December 2022 in its *June 2022 market events report*. The report concluded that the evidence gathered demonstrated behaviour that resulted in poor market outcomes. Further, the AER considers that a number of generators engaged in conduct that significantly contributed to the circumstances causing AEMO to issue a direction. Several

generators appear to have had little to no regard about the effect of their actions on the broader system.

However, generators may have had a reasonable cause to withdraw capacity given they were facing limited fuel availability and wanted to conserve fuel for peak periods or preserve fuel stocks. Another cause – fearing having to supply at a loss – is less clear given the existence of a compensation regime designed to encourage supply during times of system stress. Currently, the Rules do not oblige generators to offer available capacity and they can decide not to do so for commercial reasons. However, the prioritisation of commercial freedom can be detrimental to power system security, particularly under times of system stress.

The report raises a number of options for consideration that may tighten this aspect of the Rules to ensure generators continue to offer capacity during times of system stress.

The AER's investigation also revealed some poor compliance practices by generators concerning PASA submissions. The AER is continuing to investigate one generator for possible breaches of the NER in relation to PASA.

Despite the behaviour of generators being unhelpful in withdrawing capacity, the AER otherwise found that AEMO and generators worked closely together in difficult circumstances and that there was good transparency and communication by both AEMO and generators.

Priority 4 – Ensure service providers meet information disclosure obligations under Part 23 of the National Gas Rules

The information disclosure provisions in Part 23 of the National Gas Rules (NGR) are intended to help address the imbalance in bargaining power between users and providers of services on 'non-scheme pipeline'. Non-scheme pipelines are those pipelines that are regulated under Part 23 of the NGR and do not include those pipelines that are subject to full price regulation (under which the AER approves the prices a service provider can charge) or 'light regulation' under Part 7 of the NGR (which requires service providers to publish certain information about their pipeline and services). It does this by requiring service providers to publish a range of information, including service and access information, and financial information about the pipeline.

In 2022–23 we have continued to focus on compliance with the Part 23 information disclosure provisions. Ensuring that service providers are complying with these provisions helps to ensure that pipeline users are able to access gas pipelines on fair and equitable terms and promote competitive downstream gas markets. This ultimately benefits consumers through promoting lower prices and more reliable services.

Following our industry-wide review of service providers' compliance with many of the Part 23 information disclosure obligations in 2021–22, we issued a compliance bulletin in September 2022. The [Non-scheme pipeline Information Disclosure Compliance Bulletin](#) outlines our expectations of non-scheme pipeline service providers' compliance with a number of information disclosure obligations under Part 23, summarises the issues we identified in our compliance review and makes suggestions on how to address these. The bulletin stresses the need for service providers to:

- ensure their Part 23 information is easy to identify and locate on providers' websites
- provide more detailed explanations of the methodologies used to determine standing prices (prices offered under a pipeline's standard terms and conditions)
- publish more detailed explanations of the approach a service provider has taken to prepare their financial information, which includes things such as the revenue earned through the pipeline, the costs of operating the pipeline and the value of the pipeline assets
- regularly review the Part 23 information they have published to ensure it remains current.

In August 2022, we wrote to many service providers outlining specific issues we had identified with their Part 23 information. In response to these letters all service providers took action to address the issues identified, improving the quality of Part 23 information across the industry, and helping to ensure that access seekers are able to negotiate fair terms and conditions of access. This benefits end users, through promoting cheaper and more reliable services.

We have continued to review information provided by service providers on the recovered capital value of their pipelines. The recovered capital value indicates how much of the costs to construct and operate a pipeline have been recovered by the service providers of a pipeline through providing services on the pipeline. Such information can help prospective users in considering whether prices offered by a service provider are reasonable and can assist them in negotiating fair terms and conditions of access to the pipeline. We are currently working with service providers to address issues we have identified in our reviews. For example, we are discussing issues with the methodologies used to estimate the recovered capital method, such as approaches to calculating the cost of capital.

Priority 5 – Ensure timely and accurate gas auction reporting and demand forecasting in downstream wholesale gas markets by registered participants

Accurate and timely gas auction reporting and demand forecasting is critical to efficient pricing outcomes for the transportation and supply of gas to customers in downstream markets in Victoria, Sydney, Brisbane and Adelaide.

Transportation capacity is auctioned through a Day Ahead Auction (DAA) operated in accordance with rules set out in Part 25 of the NGR. The auction commences with facility operators of gas pipelines and gas compression submitting auction quantity limits (AQLs), which reflect available transport capacity for the next gas day for participants to bid on.

Late AQL submissions delay the auction or, if not received, result in a facility's suspension from the auction. Where a pipeline is suspended from the auction, the available gas transportation capacity is unable to be auctioned at all, potentially affecting effective competition and pricing outcomes for consumers. We publish [late AQL submission occurrences](#) on the AER's website. Late submissions have continued to be less frequent in 2022 compared with previous years. During the July to December 2022 period, 2 AQL submissions were not received from Epic Energy on the same gas day, leading to the suspension of 2 pipelines from the auction.

Under-reporting of AQLs can lead to unutilised available capacity that participants may have otherwise accessed to transport gas. This potentially reduces effective competition in gas markets and may lead to higher prices for consumers. We are currently conducting one investigation into a participant's under-reported AQLs and have identified other less serious incidences of error by other participants. We are currently writing to participants whose AQL reporting may raise concerns. We are also strengthening our capability to detect AQL errors through more fully automated surveillance activities.

Part 25 of the NGR requires the AER to maintain a [DAA record keeping guideline](#), which in part sets out requirements on users of auction facilities to keep records detailing any material changes to transportation usage after the auction runs. This requirement is designed to support rules prohibiting market conduct manipulating auction quantities or auction outcomes. We have monitored compliance with this guideline and are currently investigating a range of potential failures by participants, including potential failures to keep contemporaneous nomination and renomination records. To facilitate improved reporting and outline AER expectations, we are reviewing this guideline. In early 2023 we intend to commence consultation on changes to the guideline to be finalised in the first half of the year.

The efficient transportation of gas to downstream gas markets is linked to the efficient forecast of demand for those markets, without which there may be over or under forecast amounts of gas. Accordingly, the AER has focused on participant demand forecasting performance alongside the DAA.

Participant demand forecasts are a key input for AEMO when determining the supply and demand of gas and associated gas prices. Therefore, the timely and accurate submission of demand forecasts is crucial to achieving efficient pricing outcomes and facilitates effective competition through price signals. Trading participants in the Adelaide, Brisbane and Sydney 'Short Term Trading Markets' (STTMs) and Victorian Declared Wholesale Gas Market (DWGM) are required to submit in good faith, best estimate demand forecasts to AEMO for each gas day (for each of the 3 days leading up to the gas day in the STTMs and 2 days leading up to the gas day in the DWGM). Participants must also submit revised demand forecasts to AEMO where any earlier submitted demand forecasts no longer reflect their best estimate.

During 2022, we observed multiple instances of non-compliance with demand forecasting obligations, including inaccurate forecasts, failures to update previous forecasts and non-submissions. We are currently conducting 2 investigations of participant demand forecasting performance, separately relating to the accuracy of forecasts and non-submissions. We have also developed detection capability in this space, including tools that identify missing submissions. In November we published a [Gas Markets Demand Forecasting Compliance Bulletin](#) to aid industry education and have been contacting market participants whose recent demand forecasting performance has been poor.

Other compliance and enforcement activities

AGL Centrepay

On 16 December 2022, the AER [instituted proceedings](#) in the Federal Court against AGL Retail Energy Limited and 3 other subsidiaries of AGL Energy Limited concerning alleged conduct in relation to Centrepay payments deducted from customers receiving Centrelink payments.

Centrepay is a bill paying service administered by Services Australia by which people can elect to use the service to arrange regular deductions from their Centrelink payments, such as jobseeker, for essential goods and services. The affected customers had used Centrepay to help pay their energy bills but had stopped receiving services from AGL at the time of the alleged conduct.

The AER alleges that, between May 2020 to December 2021, AGL failed to notify the affected customers that they had been overcharged as a result of AGL making deductions through Centrepay payments and failed to use best endeavours to refund the overcharges within the required time periods.

It is alleged 629 customers were affected by this conduct, most if not all of whom are likely to have been vulnerable and experiencing financial disadvantage. The AER alleges that the conduct occurred on 6,016 occasions after AGL became aware of the issue.

There are provisions in the Retail Rules to protect customers and to ensure that if overcharging by a retailer occurs, customers are notified and reimbursed within 10 days of the overcharge being identified by the retailer. This protection extends to customers who are no longer being supplied by that particular retailer.

The AER also alleges that AGL was in breach of the Retail Law by not having the policies and procedures in place to detect, notify customers of, and provide refunds for, the overcharges in the required time frames.

The AER is seeking pecuniary penalties, declarations, an order requiring implementation of a compliance program and costs.

Life support outcome

In August 2022, energy retailer Aurora Energy paid penalties totalling \$203,400 following the AER issuing [3 infringement notices](#).

The AER issued the infringement notices because it had reasonable grounds to believe that Aurora Energy had breached rules 124(1)(b), 124A(1)(b) and 125(1) of the Retail Rules by failing to:

- send customers information packs within 5 business days of the customer advising of the life support equipment requirement
- send reminder notices to customers who had not returned a medical confirmation form
- send a deregistration notice to customers prior to deregistering their life support registration.

This outcome is part of the AER's enduring priority to ensure compliance with the life support obligations under the Retail Law. Retailers are required to register life support customers as soon as possible after they are advised by either the customer or distributor that the

customer requires life support equipment. They are also expected to provide these customers with relevant information, including the number to call if there is an unexpected interruption to supply.

AGL Broken Hill Solar Plant

On 25 October 2022, the AER accepted a [court enforceable undertaking](#) from 5 AGL-related entities – AGL Energy Limited, AGL PARF NSW Pty Limited, AGL HP 1 Pty Ltd, AGL HP 2 Pty Ltd, and AGL HP 3 Pty Ltd (AGL) – in relation to the operation of the Broken Hill Solar Plant.

The enforceable undertaking addresses a non-compliance at the Broken Hill Solar Plant and sets out steps to address the issues. The non-compliance was first detected during the modelling process, which showed that under certain conditions it was possible that the Broken Hill Solar Plant would not meet its Generator Performance Standard (GPS) concerning frequency control matters. Compliance with registered GPS is critical for AEMO to manage power system security.

AGL self-reported the non-compliance to AEMO. It approached the AER in March 2022 and offered a court enforceable undertaking to resolve the non-compliance. In accepting the undertaking, the AER noted that it is important that market participants that identify non-compliances should approach the AER early to resolve these issues.

Pelican Point – awaiting judgement

On 26 August 2019, the AER instituted proceedings in the Federal Court against Pelican Point Power Limited (PPPL) for alleged contraventions of the NER in relation to its Pelican Point Power Station.

The proceedings concern events on 8 February 2017, when South Australia experienced a Lack of Reserve Level 3 scenario as a result of high demand and diminishing supply due to heat wave conditions. This resulted in AEMO needing to interrupt 100 MW of customer load to maintain power system security.

The AER alleges that PPPL contravened the NER by failing to notify AEMO that it had physical plant capability that could be made available on 24 hours' notice. As a result, until late in the afternoon of 8 February 2017, AEMO was unaware it had the ability to issue a direction to PPPL to make the full capacity of the power station available. This impaired AEMO's ability to manage power system security.

A hearing was held on this matter in April and September 2021 and we are currently awaiting judgement.

The AER is seeking declarations, pecuniary penalties and costs.

Reliability Compliance Procedures and Guidelines

On 4 November 2022, the AER published an [issues paper](#) as the first stage of consultation on developing *Reliability Compliance Procedures and Guidelines* (RRO Guidelines) to support the Retailer Reliability Obligation (RRO) mechanism in the NEM. The RRO aims to encourage participants to invest in generation technologies in regions where capacity is needed so there is enough supply to meet demand. It encourages retailers, and some large energy users, to establish contracts to cover their share of demand for a confirmed reliability gap period.

The issues paper sought stakeholder feedback on various aspects of the AER's proposed approach to developing the RRO Guidelines. We will consider stakeholder submissions when developing the draft RRO Guidelines, before seeking further feedback and finalising the RRO Guidelines in May/June 2023.

Following a request from AEMO, in October the AER made a [reliability instrument](#) to address a forecast reliability gap in South Australia for a period in early 2024. Liable entities in South Australia will be required to report to the AER in July 2023 their net contract positions for that period in early 2024. Should higher than average demand eventuate in that gap period, the AER has a role in assessing whether businesses had established sufficient contracts to cover their share of demand, which we will undertake as set out in the final version of the RRO Guidelines. Therefore, we considered it critical to commence our development of the RRO Guidelines soon after making the instrument to ensure they will be in place ahead of the July 2023 reporting time frame.

Transmission Network Service Providers (TNSP) Compliance Update

On 4 November 2022, the AER released a [compliance update](#) for TNSPs that provide vital inertia network services and system strength services to keep the national electricity grid in a safe and stable operating state. These services are particularly important in a transitioning energy market, where new technologies are emerging and some traditional generation types are retiring. The compliance update sets out the AER's expectations for compliance with these critical obligations, which we expect transmission businesses to maintain focus on when procuring these system services.

Review of generator compliance programs

The AER continued its annual Generator compliance programs (GCP) review in 2022. Our review focused on registered generators' obligations under rules 4.15(b) to 4.15(c) of the NER.

Rule 4.15 requires registered participants to institute and maintain a compliance program in accordance with Reliability Panel's [Template for generator compliance programs](#). In particular, the GCP must:

- include procedures to monitor the performance of the plant in a manner that is consistent with good electricity industry practice
- provide reasonable assurance of ongoing compliance with applicable performance standards.

Under the review, GCPs' capability of ongoing testing and monitoring of compliance with Generator Performance Standards (GPS) are assessed. A generator's ability to identify and report potential non-compliance with its registered GPS is crucial for AEMO to ensure the security and reliability of the power system. Rule 4.15(f) requires generators to report GPS non-compliances to AEMO and for AEMO to forward these reports to the AER.

The review is conducted in the form of a negative assurance audit. This means that the AER checks for 'reasonableness' to satisfy that there is no evidence of non-compliance with the relevant NER provisions, based on information provided in responses and interviews with the generators. The review also gives regard to the 10 compliance principles outlined in the

template, focusing on Principle 5 and the 'GEIP' (governance, expertise, implementation and performance) of a compliance program.

The 2022 GCP review found that generators have the required systems and processes in place to test and monitor compliance. The AER was satisfied with the information received from generators and that generators promptly took actions to produce and/or update the test plans and supporting documents to meet NER requirements.

Even though GCPs met the relevant requirements of the NER, the AER identified some areas for improvement, which have been communicated to generators.

Ring-fencing

Ring-fencing obligations require legal and functional separation of a regulated network business from its related parties. This is critical for fostering greater competition in the market by preventing regulated businesses from discriminating in favour of their related parties and disadvantaging competitors. Increased competition helps to facilitate consumers having more choices and receiving better services.

In accordance with the Ring-fencing Guideline (electricity distribution) 2021, regulated entities are required to submit annual compliance reports (ACRs) to the AER as well as an assessment of compliance by a suitably qualified independent authority. The AER has reviewed each of the ACRs and reports the independent authorities have provided. The AER has addressed identified issues by directly engaging with relevant entities.

Annual Gas Compliance Reports 2021–22

At the end of each financial year, service providers of covered transmission or distribution pipelines are required to report on any non-compliance with key regulatory obligations in accordance with the AER's [Annual Compliance Order](#). The NGR provides that the service provider must be a separate legal entity, must comply with certain obligations in relation to the provision of third-party access and more broadly structural and operational separation of marketing staff, among other matters. The annual compliance process establishes a consistent framework for all service providers to report compliance and enables the AER to verify whether service providers are complying with these obligations. The AER assesses these reports against the relevant obligations.

No instances of non-compliance were reported to the AER for the 2021–22 reporting period.

See this [overview](#) for more information about the applicable regulatory framework.

Reforms to the regulatory framework applying to gas pipelines have been introduced to the South Australian Legislative Council. The reforms aim to deliver a simpler regulatory framework that will continue to support the safe, reliable and efficient use of, and investment in, gas pipelines. They will provide new rules relating to exercises of market power by pipeline service providers, access to pipelines, negotiations between shippers and service providers and governance arrangements. The AER is monitoring the progress of these reforms and will consider any implications these reforms have on the annual gas compliance reporting framework in due course.

Gas Market Transparency (registration) Compliance Bulletin

Gas market transparency reforms commenced in late 2022 following the passage into law of the National Gas Amendment (Market Transparency) Rule 2022. The reforms expand market participant reporting to AEMO's Gas Statement of Opportunities and to the Gas Bulletin

Board. This enhances the public availability of information on gas supply, demand and pricing, informing policy responses and promoting competition and efficient investment in gas infrastructure for the long-term interests of consumers.

The first stage of the reforms to go live were registration requirements for Bulletin Board reporting and, in September 2022, the AER published a [compliance bulletin](#) on participant registration obligations, confirming that participants had 20 business days to register as Bulletin Board reporting entities from 3 November 2022. This provided notice to participants of delays to registration deadlines following AEMO's extension to its consultation processes on the Bulletin Board Procedures.

The compliance bulletin provided guidance that the AER would not be taking action against participants that were unable to meet the rule-based registration deadline and that the AER would be monitoring compliance with the new timings. The bulletin also flagged a delay to the commencement of new Bulletin Board reporting. We published a [compliance update](#) in December 2022, confirming that reporting would commence on 15 March 2023 and that the AER will be monitoring participant readiness to comply from that date.

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