

22 March 2024

Stephen Palethorpe  
Committee Secretary  
Senate Environment and Communications Committee

Sent by email

Dear Mr Palethorpe,

Thank you for your email dated 7 March 2024 inviting the Australian Energy Regulator (AER) to respond to correspondence from Senator Ross Cadell, and further correspondence from James Glissan AM ESM KC, regarding evidence given by Ms Clare Savage, Chair of the AER, to the Senate Environment and Communications Legislation Committee during Senate Estimates in February 2024.

I have outlined our response to the two questions raised in Senator Cadell's letter below.

### **AER's Compliance and Enforcement approach**

The AER does not 'waive' obligations under the National Energy Laws.

Section 15(1) of the National Electricity Law confers a range of functions on the AER, including monitoring compliance with relevant laws, investigating breaches or possible breaches and the institution and conduct of proceedings and appeals. In support of these functions, the National Electricity Law confers specific powers on the AER. However, none of these powers are expressed in terms that obligate the AER to exercise them in any particular instance. Like most officers or bodies tasked with responsibility for law enforcement, the AER has the discretion to determine whether and to what extent it will investigate possible breaches of relevant laws, and what action, if any, is appropriate if it considers that a breach has occurred.

The AER exercises this discretion in line with its published [Compliance and Enforcement policy](#). When considering an appropriate response (including whether to investigate) to a possible non-compliance, the AER takes into account a range of factors including the regulatory and policy intent of the relevant legislation, as well as the broader impact on consumers and market outcomes.

### **Consultation undertaken on the draft Integrated System Plan**

The Australian Energy Market Operator (AEMO) undertakes the consultation on the draft Integrated System Plan.

The 2022 and 2024 ISP was informed by the concurrent development of the ISP Methodology and the Inputs Assumptions Scenario Report (IASR).

The full ISP process is outlined in detail on Page 8 of [AEMO's 2022 ISP Consultation Summary Report](#).

As part of the development of the draft 2022 ISP, AEMO undertook consultation on:

- the scenarios, modelling inputs and assumptions that AEMO will use in its forecasting and planning activities in December 2020 (outlined in the [2021 IASR consultation summary report](#))
- Methodology for modelling and cost benefit analysis in April 2021 (outlined in the 2023 [ISP Methodology - Consultation Summary report](#))
- Transmission expansion options and the approach to forecasting transmission costs in May 2021 (outlined in the [2021 IASR consultation summary report](#))

As part of the development of the draft 2024 ISP, AEMO undertook consultation on:

- the scenarios, modelling inputs and assumptions that AEMO will use in its forecasting and planning activities in December 2022 (outlined in the [2023 IASR consultation summary report](#))
- Methodology for modelling and cost benefit analysis in April 2021 (outlined in the 2023 [ISP Methodology - Consultation Summary report](#))
- Transmission expansion options and the approach to forecasting transmission costs in September 2023 (outlined in the [2023 Transmission Expansion Options – Consultation Summary Report](#))

I have outlined the consultation undertaken in more detail at Attachment A.

If you have any questions or would like further clarification of my response, please contact Jesse Price

Yours sincerely,

Anthea Harris  
**CEO**

## Attachment A

<p><b>Draft 2022 ISP</b></p>	<p><a href="#">2022 ISP Consultation Summary Report for a summary of the draft 2022 ISP</a></p>	<ul style="list-style-type: none"> <li>• September 2020 - consultation commenced on 2022 ISP.</li> <li>• 1 February 2021 – commenced consultation on the ISP Methodology (there were two rounds of formal stakeholder consultation, with workshops, meetings and briefings as required).</li> <li>• 30 July 2021 – completed consultation on ISP Methodology.</li> <li>• July 2021 - undertook consultation on the Inputs, Assumptions and Scenarios Report (IASR).</li> <li>• 30 July 2021 - publication of the 2021 Inputs, Assumptions and Scenarios Report (IASR) and the ISP Methodology.</li> <li>• 10 December 2021 – publish Draft 2022 ISP - consultation included public forums, workshops, individual meetings and a written consultation.</li> <li>• 10 February - 2022 ISP Consumer Panel submitted its report on the Draft ISP to AEMO.</li> <li>• 30 June 2022 – Publication of 2022 ISP Consultation Summary Report.</li> </ul>
<p><b>Draft 2024 ISP</b></p>	<ol style="list-style-type: none"> <li>1. <a href="#">2023 IASR</a></li> <li>2. <a href="#">ISP methodology for 2024 ISP</a></li> <li>3. <a href="#">2023 transmission expansion options report</a></li> </ol>	<ul style="list-style-type: none"> <li>• December 2022 - commenced consultation on draft 2023 IASR.</li> <li>• March 2023 – commenced consultation on the ISP Methodology for the 2024 ISP.</li> <li>• September 2023 – commenced consultation on the draft 2023 transmission expansion options report.</li> <li>• December 2023 – commenced consultation on the draft 2024 ISP (consultation has concluded, but a consultation summary is not yet available).</li> </ul>