

13 February 2023 Senate Estimates opening address

Ms Clare Savage – AER Chair

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Energy Regulator Chair Opening
Statement.

I wish to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal (*pronounced nuh·nuh·wol*) people. And pay my respects to their Elders past and present.

I wish to acknowledge and pay respect to their continuing culture and the contribution they make to the life of this city and this region.

Thank you for the opportunity to make an opening statement.

This is the first time that the Australian Energy Regulator is appearing in front of the Environment and Communications Legislation Committee under the new responsibility for the Minister for Energy and Climate Change.

The AER exists so that energy consumers are better off, now and in the future. We focus on ensuring a secure, reliable and affordable energy future for Australia.

Our functions relate to energy markets in eastern and southern Australia where we regulate wholesale and retail energy markets, and energy networks, under national energy legislation and rules.

The AER regulates 30 gas and electricity network businesses with a combined asset base of over \$115 billion. Our primary role is setting the maximum amount of revenue they can earn, and the price they can charge, for regulated services.

Consumers have benefited significantly from the incentive based regulatory framework, with reductions in network expenditures and revenues over time.

We administer the retailer of last resort scheme, which protects consumers and the market if an energy retailer fails. And we approve the policies that energy retailers must implement to assist consumers facing financial hardship.

Our market monitoring, reporting, compliance and enforcement work is the cornerstone on which we build trust with the community.

In the wholesale gas and electricity markets, we monitor participant bidding and rebidding, market dispatch and prices, network constraints and outages, demand forecasts, and forecasts of production and capacity.

New laws passed last year will provide the AER with greater powers to monitor wholesale gas markets, specifically ensuring shorter-term gas markets are operating competitively.

Through our compliance work, we aim to have an open two-way dialogue that increases the knowledge and understanding of not just what is required to meet market obligations, but the why and how.

There are also times when enforcement action is required to ensure compliance with the energy laws and rules. Consumers and industry participants need to have confidence that we will ensure everyone is playing by the rules.

We are in a time of enormous change in Australia's energy market. It is undergoing major technological, structural and regulatory changes. There is no part of the energy sector that

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We provide a price comparison website – Energy Made Easy – to help consumers find the best energy offers for their needs and last October launched our first-ever consumer vulnerability strategy – “Towards energy equity” – a strategy for an inclusive energy market.

The AER is focused on doing everything we can to make consumers feel confident that Australia’s transitioning energy market is working for them. We look forward to expanding upon how we are doing this for you in more detail today.

Thank you.