



Notice

13 February 2019

Wholesale Electricity Market and Gas Services Information Rules

Report on the Australian Energy Market Operator's compliance for 2017/18

The Economic Regulation Authority is required to provide an annual report to the Minister for Energy on the Australian Energy Market Operator's (AEMO) compliance with the Wholesale Electricity Market and Gas Services Information Rules.

The ERA provided its 2017/18 report to the Minister for Energy on 8 February 2019.

The report includes the audit reports of AEMO's compliance and includes details of investigations carried out by the ERA in 2017/18. Most of the matters investigated by the ERA were matters of technical compliance with no material consequences or risks.

The audits confirmed that AEMO made significant progress to address System Management risks since the last audit. However, there were some repeated information technology non-compliances that affected dispatch. The ERA conducted its own investigation into those events and did not identify any material consequences.

The report includes two further matters of concern to the ERA during 2017/18. The first of these was the introduction of a new reserve capacity settlements system, which partly replaced existing legacy systems. This resulted in some non-compliances, but AEMO has implemented measures to reduce the risk of future non-compliances. The ERA will monitor the effectiveness of these measures.

The second matter concerned ancillary services shortfalls. The auditor stated that there had been limited risk of severe system issues in times of these shortfalls. The ERA is satisfied that none of the events identified by the auditor threatened the security of the power system.

Last year, the ERA recommended that AEMO consider rotating auditors to mitigate the risk of eroding auditor independence. The 2017/18 audit was conducted by the same firm as in previous years. In its response to the ERA's report, AEMO explained the factors it will consider when appointing the auditor for future processes and the controls in place to manage the risk.

The report and AEMO's response are available on the [ERA website](#).

Further information

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