

Review of the AER exemptions framework for embedded networks

Final decision, incorporating notice of final instruments

Retail Exempt Selling Guideline
Network Exemptions Guideline
(versions 7)

August 2025

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Executive summary

Embedded networks are private electricity networks serving multiple customers through a single metering point ('gate meter' or 'parent meter'). Examples of residential embedded networks include caravan parks and some apartment blocks. Examples of business embedded networks include some shopping centres and business parks.

Embedded networks are operated by service providers that are exempt from having to register as network service providers with the Australian Energy Market Operator. Embedded network customers buy their energy from an exempt seller (an entity that is exempt from having to obtain a retailer authorisation), or an authorised retailer.

The AER administers the exemptions framework for embedded networks via our *Retail Exempt Selling Guideline* (Retail Guideline) and *Network Exemptions Guideline* (Network Guideline), which exempts eligible entities from obligations under the national energy laws and rules.

The number of embedded networks has grown rapidly in recent years. Accompanying this growth, stakeholders have raised concerns that regulatory gaps are exposing customers to harms, particularly because most embedded network customers cannot easily change their energy seller.

In 2023, we commenced our *Review of the AER exemptions framework for embedded networks*. Our review has aimed to better understand the benefits, harms and risks to embedded network customers, and to determine whether we should make changes to the framework, including restricting the growth of residential embedded networks.

To inform our decision-making, we have consulted widely with industry and stakeholders. Additionally, we have commissioned research into embedded network customer outcomes and sought consultant expertise on potential family violence protections.

Future regulation of embedded networks

Our review has confirmed the findings of earlier regulatory reviews by the Australian Energy Market Commission and jurisdictional agencies¹ that there are clear consumer protection gaps for embedded network customers, in comparison to customers directly connected to the grid. There are also inconsistencies in protections depending on whether an embedded network customer is supplied by an exempt seller or an authorised retailer.

The AER's view is that, wherever practical, all energy customers should have the same level of consumer protections, regardless of their energy supply arrangements. In our draft decision we highlighted that many of these gaps are due to inconsistencies in how the energy laws and rules apply to embedded network customers and their energy sellers/suppliers. The AER is therefore unable to address all these gaps through our exemptions guidelines. Instead, holistic law reform is needed via jurisdictional governments and policy makers.

¹ AER, [Issues paper – Review of the AER exemptions framework for embedded networks](#), 30 November 2023, Appendix B, p. 38.

Since our draft decision, the Australian Government Department of Climate Change, Energy, Environment and Water (DCCEEW) has commenced consultation for the *Better Energy Customer Experiences* review. The review is considering how to improve levels of customer protection in different market settings, including embedded networks, and is specifically considering the consumer protection gaps.²

Separately, DCCEEW has commenced a consultation process to reform the default market offer (DMO) framework.³ This includes consulting on how the DMO price could extend to embedded network customers of authorised retailers.⁴

We welcome these developments as key opportunities to address the consumer protection gaps identified through our review and previous reviews. We support reforms that better align the protections for embedded network customers with those of grid-connected customers.

Until these broader reforms are established, our exemptions guidelines remain the key regulatory tools available to us to improve consumer protections for embedded network customers.

Draft position

Our draft position proposed a range of guideline changes to improve embedded network customer protections and to increase our visibility of embedded network sites. These included introducing proposed family violence protections, closing some deemed exemption classes (in effect requiring new residential and business networks to be registered), and requiring operators and sellers to keep their contact details up to date. After considering a wide range of regulatory options, our view was that this approach would most effectively reduce the consumer protection gaps (within our regulatory remit) while maintaining benefits for embedded network customers. We further considered this approach would be the most feasible and practical for exempt entities, and the AER, to administer.

While consumer advocates, and some stakeholders, supported more significant action, such as curtailing the existence of future residential embedded networks via our guidelines, many others supported our proposed approach.

Final position

Having considered stakeholder views, the existing legislative framework and the regulatory impact of new conditions, our final decision retains the overall approach set out in the draft decision. We remain of the view that the curtailment of embedded networks is unwarranted at this time and could remove the potential for consumer benefits. We consider that a decision to curtail embedded networks is one for jurisdictional policy makers to make and not a measure the AER should implement without clearer jurisdictional support. As such, the final guidelines do not introduce measures to restrict or ban embedded networks.

However, throughout our review, we have identified opportunities to improve protections for embedded network customers and increase the AER's visibility of these energy selling and

² DCCEEW, [Consultation Paper - Better Energy Customer Experiences](#), 27 March 2025.

³ The default market offer (DMO) is the maximum price an electricity retailer can charge standing offer customers.

⁴ DCCEEW, [2025 Reforms to the Default Market Offer](#), 18 June 2025.

supply arrangements. We have further identified protections gaps that require legislative changes.

The new and varied conditions in our guidelines reflect our consideration of the regulatory costs and administrative burden that may be imposed on exempt sellers and embedded network service providers. We have aimed to ensure that embedded network customers receive meaningful protections, while ensuring exempt entities are capable of complying.

Structure of this paper

Part A forms the final decision for the *Review of the AER exemptions framework for embedded networks*. It sets out the background to the review and our consideration of the major policy issues.

Part B sets out our final changes to the guidelines and our reasons for making these changes.

Appendix A summarises feedback we received from stakeholders through submissions to our March 2025 draft decision.

PART A – Notice of final decision

1 Overview

1.1 Background to the review

The exemptions framework was originally designed to regulate a relatively homogenous and simple energy retail market, where the supply and sale of energy in embedded networks was regarded as an incidental aspect of the relationship between a landlord or body corporate and the occupants of an embedded network site.

The AER aims to apply like-for-like consumer protection obligations on exempt entities through our Retail Guideline and our Network Guideline, where this is practical. However, our capacity to do so is limited. This is due to legislative gaps in the National Energy Retail Law and National Energy Rules, which impact embedded network customers serviced by authorised retailers. In determining appropriate conditions of exemption, the AER must also consider the regulatory costs that would be incurred by exempt entities, where energy selling is not their core business. For small-scale exempt sellers, it would not be practical for them to comply with the regulatory requirements placed on authorised retailers by the National Energy Customer Framework (NECF).

The growth in embedded networks and the concerns about consumer harm raised in jurisdictional inquiries prompted the AER to commence this review.

In November 2023, we published an issues paper⁵ seeking information and stakeholder views around embedded network customer harms and benefits. We proposed a range of criteria to guide our consideration of regulatory options, including extent of harms and benefits, costs to exempt entities, administrative costs for the AER and our ability to monitor and enforce compliance. We queried what changes we should make to our exemptions guidelines to strengthen protections for existing embedded network customers and improve overall transparency.

Given the concerns raised in previous jurisdictional inquiries, and in submissions to our issues paper, our scope for this review has included:

- considering the supply of energy to higher-density residential embedded networks (apartment complexes, duplexes or townhouses)
- improving compliance and performance monitoring and extending family violence protections to embedded network customers.

⁵ AER, [Issues paper – Review of the AER exemptions framework for embedded networks – November 2023](#), 30 November 2023.

In March 2025, we published our draft decision,⁶ incorporating the notice of draft instruments, and the draft Retail Guideline and draft Network Guideline (versions 7). Our draft decision set out our position on future regulation for embedded networks and our assessment of the various policy options we had explored. It included a summary of the submissions we considered and set out our findings around embedded network customer harms and benefits.

We published both draft guidelines alongside the draft decision with tracked amendments to highlight proposed consumer protection improvements in response to stakeholder feedback. We invited stakeholders to make further submissions on the proposed changes.

1.2 Our consultation process

The AER has consulted extensively with stakeholders throughout this review to inform our future approach. Our consultation process is summarised in the infographic below.



⁶ AER, [Review of the AER exemptions framework for embedded networks – Draft Decision](#), 17 March 2025.

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1.3 Draft decision stakeholder submissions

Many stakeholders, including ombudsmen and industry participants, supported our policy approach of making improvements to the guidelines. Conversely, consumer advocacy groups and NSW distribution network service providers (DNSPs) thought the guideline changes were unlikely to effectively address harms and risks. These groups suggested the AER take stronger regulatory action, such as curtailing networks or only allowing an embedded network to be established where we have individually assessed that it will benefit customers. Consumer groups also raised concerns with the AER's analysis of harms and detriment, and our engagement process. We discuss this feedback further in section 3.

Stakeholders were broadly supportive of most proposed guideline changes, but several industry participants highlighted concerns about how sellers and operators could practically implement some of the proposed provisions. Some stakeholders suggested alternative approaches or requested we clarify the intention of the change. We discuss this feedback in Part B.

2 The way forward for embedded network regulation

We commenced this review with the objective of better understanding the harms, benefits and risks of embedded networks to determine whether action was needed to redress any imbalance within the scope of our guidelines. This included considering whether we should restrict the growth of future residential embedded networks, strengthen protections for existing embedded network customers and improve overall transparency.

Throughout the review, we have found that weighing the potential consumer harms against the potential consumer benefits in embedded networks is not straightforward. We have learnt that some embedded networks customers receive significantly better price outcomes than grid-connected retail customers, while others are paying close to, or above, the default market offer price. While embedded networks have the potential to facilitate access to distributed energy resources and energy management at the building level,⁷ some of these benefits are not being passed through to end customers.

There are underlying systemic risks for embedded network customers, which are causing harm to some consumers. Key risks include:

- Embedded network customers are not afforded the same consumer protections as grid-connected retail customers.
- There is a lack of supplier and service choice for embedded network customers.
- There are challenges with monitoring and enforcing exempt entity compliance due to reduced visibility of some embedded networks.

There are also inconsistencies in protections for embedded network customers depending on whether the customer is supplied by an exempt seller or an authorised retailer. For example, customers of authorised retailers in embedded networks do not receive legislated price protection, nor is there any legislated obligation for retailers to supply an embedded network customer.⁸

The AER's view is that these risks would be addressed if embedded network customers received equivalent consumer protections to grid-connected retail customers. This was also the view of most stakeholders, who emphasised that addressing the inequities in the embedded network consumer protection framework should be our key focus.

However, many of these gaps and inconsistencies are beyond our power to address. Our draft decision highlighted the most critical consumer protection gaps, which require legislative change to address, including:

- extending legislative price protections to embedded network customers

⁷ AER, [Review of the AER exemptions framework for embedded networks – Draft decision](#), 17 March 2025, p. 12.

⁸ AER, [Review of the AER exemptions framework for embedded networks – Draft decision](#), 17 March 2025, p. 19.

- extending Retailer of Last Resort (RoLR) provisions to embedded network customers, none of whom are covered by these arrangements in the current framework
- addressing gaps in other protections for embedded network customers, such as an obligation to supply and notification obligations related to outages or life support status
- expanding compliance and enforcement powers to provide civil penalties for breaches of network exemption conditions and a wider range of penalty options for breaches of the retail exemption conditions.⁹


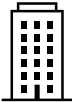

Table 1 below sets out the key consumer protection gaps and legislative instruments requiring change.

Noting the limitations on our regulatory remit, our draft decision set out our preferred pathway to equal protections, which has 2 elements:

- **Changes to the guidelines to improve protections** – we proposed changes to the guidelines, to strengthen protections and improve our visibility of networks. We proposed practical family violence protections for exempt customers and new protections for ‘energy only’ customers experiencing payment difficulties. We also proposed several changes to increase our visibility over the sector, including closing the deemed network exemption classes for future residential and small business embedded networks, requiring exempt sellers to update their customer numbers and authorised representative’s contact details, and requiring sellers to publish prices on their websites (or place of operation, where no website is available).
- **Holistic reconsideration of the regulatory framework for embedded networks** by jurisdictional governments – we highlighted that this was necessary to ensure consumers received the same level of protection regardless of their supply arrangements.

⁹ AER, [Review of the AER exemptions framework for embedded networks – Draft decision](#), 17 March 2025, p.30.

Table 1 – Key consumer protections gaps and instruments requiring change

| Consumer protection gap | | Change needed |
|--|---|---|
| All embedded network customers  | No Retailer of Last Resort protections for embedded network customers | Requires Retail Law amendment to extend arrangements to embedded network customers |
| | Embedded network customers ineligible for some concessions and benefits, and/or face administrative barriers | Requires state and territory law and regulation amendments |
| | No obligation for retailers to offer 'energy only' offers | Requires Retail Law amendment to create an obligation |
| Retailer embedded network customers  | No price cap protections | Requires amendment to state-based frameworks for retail pricing and the Australian Government's DMO regulations |
| | No obligation for a retailer to supply electricity | Requires Retail Law amendment |
| | No obligation for a retailer to notify embedded network operator that a customer has registered as having life support equipment | Requires Retail Law and Retail Rules amendment |
| | Limited or no obligations for a retailer to notify customers or embedded network operators of planned and unplanned interruptions to their supply | Requires Retail Law and Retail Rules amendment |
| Exempt customers  | No obligations for exempt sellers to provide support to customers experiencing family violence | Addressed in version 7 of the Retail Guideline |
| | AER not able to tailor penalties for smaller sellers | Requires National Electricity Law and Retail Law amendment |
| | AER has limited compliance oversight because many small 'deemed' embedded networks are not registered | Addressed in version 7 of the Network and Retail Guidelines |
| | No obligation for exempt sellers to keep contact details and customer numbers up to date | Addressed in version 7 of the Network and Retail Guidelines |
| | Limited transparency of how customer prices compare to market rates | Addressed in version 7 of the Retail Guideline |

2.1 Stakeholder views on our draft policy approach

Many stakeholders, including industry participants and ombudsmen, supported the approach of guideline improvements along with longer-term legislative reform. They agreed it was a practical way to improve consumer protections and increase oversight of the sector, given the limitations of the AER's regulatory powers.¹⁰

For example, the Energy and Water Ombudsman of Queensland (EWOQ) submitted the proposed guideline changes would not only introduce much needed additional protections for embedded network consumers but also improve the visibility and compliance oversight over exempt sellers.¹¹ Embedded network retailer Altogether Group noted that, in the absence of broader embedded network reforms, enhancements to the exemption frameworks were essential to safeguard customer outcomes.¹²

Some industry stakeholders welcomed the AER's decision not to restrict future residential networks, believing embedded network growth should be encouraged as an important way to drive innovation and investment in energy efficient buildings.¹³

In contrast, consumer advocates and NSW DNSPs did not think the proposed guideline changes went far enough and were of the view that, on their own, the changes would not significantly improve outcomes for consumers.¹⁴ These stakeholders urged us to take significant actions to protect consumers, including:

- requiring prospective exempt network service providers to apply to the AER, and demonstrate consumer benefits, before being permitted to establish an embedded network¹⁵
- banning new residential and commercial embedded networks¹⁶
- introducing extensive performance, compliance and service reporting obligations for exempt entities¹⁷
- requiring all existing embedded networks (currently deemed to be exempt) to be registered on the AER's public register of exemptions, in addition to new networks¹⁸
- treating this as a first stage in a longer process to gradually strengthen the regulatory framework.¹⁹

¹⁰ Submissions to the draft decision: Altogether Group, p. 3; Compliance Quarter, p. 2; Energy Locals, p. 1; EWOQ, p. 1; EWOSA, p. 1; Origin Energy, p. 1; SCAQ, p. 2.

¹¹ EWOQ draft decision submission, p. 1.

¹² Altogether Group draft decision submission, p. 3.

¹³ Submissions to the draft decision: Energy Locals, p. 2; Strata Community Association Queensland, p. 2

¹⁴ Submissions to the draft decision: Ausgrid, p. 2; Council of the Ageing Australia (COTA), p. 5; Endeavour Energy draft decision submission, p. 1; Justice and Equity Centre, South Australia Council of Social Services, Tenants Union NSW and Dr Georgina Davis (consumer joint submission), p. 4.

¹⁵ Submissions to the draft decision: Endeavour Energy, p. 2; Consumer joint submission, p. 15.

¹⁶ Ausgrid draft decision submission, p. 2.

¹⁷ Submissions to the draft decision: Ausgrid, p. 2; Consumer joint submission, p. 11.

¹⁸ Submissions to the draft decision: Ausgrid, p. 2; COTA, pp. 6-7; Consumer joint submission, p. 14.

¹⁹ COTA draft decision submission, p. 6.

Consumer advocates and some other stakeholders submitted that the AER had underestimated the extent of consumer harm in embedded networks. Concerns with our analysis included that:

- we placed too much weight on [Bastion Insight's consumer research](#) and on unproven potential benefits²⁰
- we had not properly considered consumer input to previous reviews and inquiries; the JEC/joint consumer submission included a list of links to its own and other groups' submissions to embedded network regulatory reviews dating back to 2015 that it said evidenced systemic detriment and harm and recommend we consider it²¹
- our price analysis did not take account of additional services that customers may be billed for on top of their electricity costs²²
- we had not demonstrated best practice engagement to understand the extent of consumer detriment, and identify policy solutions, as we have in our recent Game Changer and Payment Difficulties Framework consultations – it recommended we extend the current review to further consider consumer input.²³

All non-confidential consumer submissions are available on our website.

2.2 Consideration of stakeholder feedback

Over the course of this review, we considered the findings of previous jurisdictional embedded network reviews. This includes the review reports and review submissions referenced in the JEC/joint consumer submission.

These reviews observed lived experience of consumer harm, including high prices, poor service and lack of access to retail competition. They also highlighted risks of consumer harm and policy issues that are outside the AER's regulatory remit. These include concerns around the provision of bulk hot and chilled water, developer contracts and challenges embedded network customers face in accessing concessions and rebates. We considered these issues, and the review reports, in the development of our draft position.

We acknowledge stakeholder concerns around the research methodology used by Bastion Insights and the small sample set of exempt customers it relied on. We agree it would have been preferable to have a larger sample size to support our findings.

When weighting the evidence provided by Bastion Insights, we remained mindful of its limitations. Bastion Insight's research was one indicator in a suite of evidence that informed our position. We considered submissions from a diverse range of stakeholders, including consumers, industry participants, exempt entities, peak bodies and ombudsmen, and we engaged with jurisdictional governments. We further considered the ACCC's June 2024 electricity monitoring report and jurisdictional reports. While we reviewed a diverse suite of evidence to reach our draft position, we acknowledge we could have more clearly highlighted our recognition of Bastion Insights' statistical caveats and sampling limitations.

²⁰ Submissions to the draft decision: ACOSS, p.1; COTA, pp. 6-7; Consumer joint submission, pp. 4, 6-8.

²¹ Submissions to the draft decision: ACOSS, p. 1; Consumer joint submission, pp. 18-20,

²² Submissions to the draft decision: EWON, p. 2; Consumer joint submission, p. 8.

²³ Submissions to the draft decision: ACOSS, p. 1; Consumer joint submission, pp. 2, 5-6.

This review has primarily focused on the sale of energy to embedded network customers. While a proportion of these customers would receive additional services, such as bulk hot/chilled water, these services fall outside of our regulatory remit and we could not consider them as part of this review.²⁴

We acknowledge that we could have engaged more extensively with consumer groups, including via the AER's Customer Consultative Group (CCG). Resource-intensive consultation processes (like the one adopted for our Payment Difficulties Framework) may not always be feasible. However, we will carefully consider opportunities to engage stakeholders, including the CCG, when considering embedded network policy options going forward.

The feedback we received about our analysis of harms has not changed our key conclusions:

- Embedded network customers experience a range of outcomes – a proportion of customers receive favourable price outcomes.
- Embedded network customers face clear systemic risks that are leading to poor outcomes for some.
- The evidence does not suggest that harm and detriment is so widespread and severe that it warrants curtailing all future embedded networks.

Individual customers benefitting from access to distributed energy resources is contingent on several factors, but we remain of the view that, in the transition to a more decentralised energy system, it could be desirable for industry participants to develop more sophisticated energy management systems. If so, they may be a source of sustainability and grid benefits in the future. These benefits could not materialise if we curtailed all networks.

2.3 Our assessment of policy options

We assessed a range of different regulatory options over the course of this review, including those requiring significant reform. We explored whether each option could address the systemic risks while also retaining the potential for customers to receive the benefits that embedded networks can enable, including low prices and access to distributed energy resources. We also considered what was feasible and practical to implement for both the AER and exempt entities.

We reached the view that banning future embedded networks or implementing higher regulatory barriers were not appropriate solutions at this time.

Our assessment found that each option presented challenges and risks for exempt entities, customers and the AER. Banning future networks would create disruption for embedded network operators and increase the potential for them to exit the market. This would leave customers vulnerable to losing supply (given the lack of RoLR protections for embedded network customers) and risk denying consumers benefits they may receive from embedded supply arrangements. This option would also be a blunt policy response that fails to recognise that the risks of harm we have identified relate more to the relationship between energy sellers and their customers than to the existence of embedded networks themselves.

²⁴ ACCC, [Inquiry into the National Electricity Market report - June 2024](#), p. 90.

We were also concerned about potential impacts on housing supply. Several stakeholders submitted to our issues paper that embedded networks were a more cost-effective approach to high-density development than grid connection. Some submitted that closing the NR2 class could hinder new developments and increase project costs.²⁵

We were conscious this would see the AER forcing a significant policy shift in an area that requires consideration by energy ministers and potentially by housing ministers.

There would also be challenges with an approach where the AER only allowed new embedded networks if we first assessed that they benefited customers.

Under this approach we would have limited ability to ensure the benefits were being delivered over time. It would also be impractical given the numbers of embedded networks created each year. In addition, banning future embedded networks would not address the consumer protection gaps present for existing networks.

We also considered limiting harms through the Retail Guideline by restricting on-selling via authorised retailers only. However, while we saw many benefits in this approach, embedded network authorised retailer customers face unique consumer protection gaps. For example, authorised retailers have no obligation to supply electricity to embedded network customers and their customers do not receive price protection under the DMO regulations.

This option could only function as intended if it is accompanied by substantial amendments to the energy laws to address these consumer protection gaps.

2.4 Holistic review of consumer protections

Since the publication of the AER's draft decision, energy ministers have agreed to commence the *Better Energy Customer Experiences* review.

This is a holistic review of the consumer protections regime that underpins the relationship between consumers and the energy market to assess whether reforms are needed to support consumers through the energy transition and beyond.²⁶

As an initial step in this process, DCCEEW has published terms of reference and a consultation paper that indicate the review is considering a range of reform issues, including how to address varying levels of protection for customers in different market settings, including embedded networks.

DCCEEW intends to further consult stakeholders in early 2026 and to make recommendations to energy ministers, with an implementation plan, in early 2027. The AER welcomes the Better Energy Customer Experiences E consultation as a key opportunity to address many of the systemic risks and gaps identified through this and previous reviews. We are participating in this process to advocate for reforms that address these issues.

Separately, in June 2025 DCCEEW commenced a consultation process to reform the default market offer (DMO) regulatory framework.²⁷ The reform consultation also provides an

²⁵ AER, [Review of the AER exemptions framework for embedded networks – Draft Decision](#), March 2025, p.15.

²⁶ DCCEEW, [Consultation Paper - Better Energy Customer Experiences](#), 27 March 2025.

²⁷ DCCEEW, [2025 Reforms to the Default Market Offer](#), 18 June 2025.

opportunity to finalise outstanding issues from DCCEEW's 2022 DMO post-implementation review final report, including how best to extend the DMO price cap to embedded network customers of authorised retailers.²⁸

The AER's view is that it is appropriate for all consumers to receive comparable pricing protections, regardless of their connection type. We support the extension of legislative price protections to embedded networks as soon as is practical to align price protections for grid-connected and embedded network customers.

2.5 The AER's final decision

Having considered stakeholder views and the available information, our final decision retains the overall approach set out in the draft decision. Specifically, the final guidelines implement the improvements noted above to improve the AER's visibility of embedded network businesses and improve consumer protections and do not introduce measures to restrict or ban embedded networks.

In response to stakeholder feedback to our draft decision, we have made a range of further amendments to the Retail Guideline and Network Guideline. These include introducing additional consumer protections and, in some cases, to exclude certain types of exempt entities from some obligations where it is impractical for them to comply. These are discussed in Part B of this notice.

²⁸ DCCEEW, [Review outcomes - Post-implementation review of Competition and Consumer \(Industry Code – Electricity Retail\) Regulations 2019](#), March 2022.

PART B – Changes to the Final Guidelines

3 Retail Guideline changes

3.1 Family violence protections

Since May 2023, authorised retailers have been required to develop, implement and maintain a family violence policy that sets out the protections their customers can access if affected by family violence. The new obligations placed on authorised retailers (via the Retail Rules) focus on ensuring authorised retailers prioritise their affected customers' safety and proactively offer support to manage their energy bills. Stakeholder submissions to our issues paper unanimously agreed that exempt customers of exempt sellers should be afforded similar family violence protections.

Draft Guideline

In developing our draft family violence condition (Condition 27 – Assistance for customers affected by family violence), we focused on striking the balance between affording equitable energy consumer protections and acknowledging that energy on-selling is incidental to most exempt sellers' core business. Our draft position was informed by our understanding of diverse exempt selling arrangements, the current obligations placed on authorised retailers, stakeholder submissions to our issues paper and specialist advice acquired from family violence consultants [Safe and Equal](#).

Stakeholder feedback

Both industry and consumer stakeholders generally welcomed the inclusion of Condition 27. They agreed that our family violence policy template provides a practical tool for exempt sellers and ensures affected customers can access the support they need.

Some stakeholders reiterated concerns around the expertise required to sensitively and safely manage a condition of this nature. Austin Tourist Park observed the potential administrative burden the family violence policy requirements could place on park operators and suggested family violence support could rather be captured under an exempt seller's existing hardship policy (under Condition 26), instead of through a standalone policy.

When developing the draft template, we explored combining the family violence policy requirements with the existing hardship policy requirements. However, our draft proposal was guided by victim survivors' submissions to Safe and Equal's [Policy advice on family violence obligations for exempt sellers](#) report, which unanimously supported a standalone family violence policy. Given the importance of understanding the needs of affected customers, we propose to maintain the requirement for exempt sellers to maintain both a hardship policy and a family violence policy, if on-selling to residential customers.

The Caravan and Camping Industry Association of NSW (CCIA) submitted that an exempt seller should be able to require evidence of family violence as a precondition for accessing support. CCIA observed the reduced capabilities of exempt sellers to manage customer debt compared with authorised retailers.

We recognise the financial risk borne by exempt sellers in offering debt assistance to affected customers. However, we strongly oppose an affected customer evidence requirement. We consider that customers affected by family violence bear the greater risk of harm if denied assistance because they are unable to obtain evidence. Exempt sellers risk worsening an affected customer's situation if they refuse to assist them. Further, affected customers could be discouraged from seeking the assistance they may desperately need.

CCIA identified the new family violence condition had been applied to deemed exemption class D3 (holiday parks) in error. CCIA submitted that the family violence condition should not apply to short-term visitors.

Caravan Parks Association of Queensland Ltd (CPAQ) submitted that exempt sellers should be permitted to tailor their family violence policies to reflect their business operations.

The standardised statements in the family violence policy have been developed to ensure affected customers receive consistent support, regardless of who on-sells them their energy. The support that exempt sellers can offer is not restricted to the options set out in the family violence policy template. An exempt seller may extend options for support beyond the requirements captured by our family policy template and we encourage them to do so. We consider it is also reasonable for an exempt seller to provide additional clarifying information in the template that reflects their business operations, as long as the core obligations and protections provided by Condition 27 are not compromised.

Many stakeholders advocated for the AER to develop family violence training modules for exempt sellers. Consumer groups (via joint submission)²⁹ went further, recommending that the AER implement the full recommendations provided by Safe and Equal, including the establishment of a dedicated hotline for affected customers.

The AER agrees that Safe and Equal's recommendations are goals that we should strive for and we will continue to evaluate ways in which we can achieve them going forward. We acknowledge stakeholders' calls for training products and that it would be ideal for such training to be made available. The AER will consider how to support the development of such training materials by an appropriate organisation.

In the meantime, we will continue to explore ways to deliver Safe and Equal's recommendations going forward and remain committed to developing family violence guidance (in consultation with family violence consultants) to support exempt sellers. This will be published on our website before the family violence condition takes effect. Once the guidelines are published, we will also reach out to relevant peak bodies to provide guidance on the family violence condition and set expectations for compliance.

Final Guideline

We have upheld our commitment to extend the Retail Rules family violence obligations (protecting residential customers and small business customers of authorised retailers) to exempt customers. In finalising Condition 27, we maintained the overall requirements presented in the draft guideline, with minor drafting changes.

²⁹ Jointly submitted by the Justice and Equity Centre, Tenants Union NSW, Dr Georgina Davis and the South Australian Council of Social Service.

We have re-drafted the sub-conditions under Condition 27(3) to ensure consistency with the headings provided in the 'Minimum requirements' column in the family violence template.

We have added a caveat to Condition 27(12) to set out that an exempt seller must ensure the terms and conditions set out in any exempt customer energy contract are consistent with the obligations under Condition 27, except where state or territory laws take precedence. This is to reflect feedback from CCIA indicating some exempt sellers may be unable to comply with this because it conflicts with jurisdictional legislation restricting extensive variation of site form agreements.

We have removed Condition 27 as a requirement of exempt sellers on-selling to customers under deemed classes D3 (short-term accommodation) and D4 (temporary energy selling to construction sites) because these were erroneously included in the draft Retail Guideline.

We have also considered the submissions received and made the following amendments to the template based on feedback received:

- added 'elder abuse' to the examples of family violence and provided contact details for the Elder Abuse Helpline in the Support Services section
- footnoted the relevant sub-condition for the minimum requirements to assist exempt sellers to see the connection between the family violence obligations and their practical application in the exempt seller's family violence policy
- for residential customers experiencing payment difficulties, provided an option to attach a copy of an exempt seller's hardship policy instead of providing a web link
- added energy ombudsman scheme details under the Support Services section.

Existing and future exempt sellers will be able to access the exempt seller family violence template in Word format via our website.

In our draft decision, we recognised that existing exempt sellers would need time to develop, implement and comply with their family violence policies. We proposed exempt sellers should have 3 months, from the date their exemption is registered on our public register of exemption, to develop and implement their family violence policy. However, in our draft decision we recognised that existing exempt sellers³⁰ may need more time to comply and we proposed providing these existing exempt sellers an additional 3 months (6 months in total) in which to comply with the family violence requirements.

Based on stakeholder feedback, and for the reasons outlined below, we have revised Condition 27(2). The final Condition 27(2) now sets out that an exempt seller's family violence policy must be implemented no later than 6 months from the registration/approval date of the exemption to which the condition applies.

CPAQ requested we extend the effective date of Condition 27 for existing exempt sellers, from 6 months to 12 months. CPAQ submits this would ensure the necessary systems, processes and training can be developed to support compliance. While we have elected to maintain the 6-month timeframe, we have agreed to delay the effective date of Condition 27(2) to 1 January 2026. This means that existing exempt sellers must have their policies in place 6 months later, by 1 July 2026. In delaying the effective date of the condition to

³⁰ Exempt sellers who have registered an exemption prior to the release of the Retail Guideline (v7).

1 January 2026, we have effectively provided existing exempt sellers a 10-month implementation timeframe, if they commence developing their policies from the date our Retail Guideline is published.

| Exempt seller scenario | Family violence policy implementation requirement |
|--|--|
| Exempt seller that holds an existing exemption to on-sell energy to residential or small business customers prior to the release of the revised Retail Guideline (v7). | No later than 1 July 2026. |
| Exempt seller that registers an exemption after 1 January 2026, to on-sell energy residential or small business customers. | Six months after registering the exemption, to which Condition 27 applies. |

While we acknowledge CPAQ's request for a 12-month timeframe, we consider 10 months strikes the balance of providing exempt sellers sufficient time to comply, while closing a protections gap between grid-connected retail customers and exempt customers as soon as possible. While we have extended the timeframe to comply, we encourage all exempt sellers to implement their family violence policies earlier than their deadline if they are able to do so.

Exempt sellers will be responsible for ensuring their family violence policy meets the minimum requirements set out in the Retail Guideline. While exempt sellers will not be required to submit their policies to the AER for review, we will monitor compliance with this requirement. This may include random checks and/or requests for information.

3.2 Increasing exempt seller visibility

In responding to our issues paper, stakeholders consistently called for improved visibility of embedded networks. Most stakeholders supported exempt seller compliance and performance reporting as well as the closure of some deemed exemption classes (requiring registration instead). However, some industry stakeholders observed the likelihood of increased administrative burden if compliance and performance reporting conditions were introduced.

Draft Guideline – notification requirement

To support improved visibility, we proposed a new condition (Condition 28 – Notification requirement) be attached to most registrable retail exemption classes. This condition requires exempt sellers to notify the AER, within 20 business days of any revised contact details for the exempt seller's authorised representative, including their name, email address and telephone number.

Related changes in the draft Network Guideline are discussed in section 4 below.

Stakeholder feedback

Stakeholders were generally supportive of this proposal, recognising the importance of the AER being able to contact exempt sellers if required. However, CPAQ considered proposed Condition 28 would not reflect the operational realities of caravan park businesses and suggested we instead contact exempt sellers twice a year to request updated information.

Energy Locals requested we consider a bulk update mechanism, rather than requiring each exemption be updated individually (this bears more relevance for exempt network service

providers holding multiple network exemptions for sites that they own, operate or control). While we cannot facilitate this request in time to align with our guidelines' release, we will consider any recommendation to improve efficiencies as part of any future upgrades to our exemptions registration portal.

The Energy and Water Ombudsman NSW (EWON) encouraged us to add an additional requirement to Condition 28, requiring exempt sellers to update the relevant ombudsman scheme of any changes in circumstances (such as ownership structures).

The Energy and Water Ombudsman SA (EWOSA) submitted that exempt sellers should also be required to notify other changes to the AER (such as customer numbers) to further improve visibility. We recognise the value in acquiring data on customers numbers. An obligation to submit customer numbers to the AER will be introduced as a condition of exemption under our Network Guideline. This will ensure we have visibility of all embedded networks within our regulatory remit, including those in Victoria and Tasmania (that are not subject to the AER's exempt seller regulatory framework) and embedded networks where the energy selling is performed by authorised retailers.

Final Guideline – notification requirement

Given stakeholders' support for improved visibility of embedded networks, we have elected to maintain Condition 28, with a minor variation to fix a typographical error. We consider this requirement will be manageable for exempt sellers and will require minimal resourcing, noting updates can be provided via the registration portal on our website.

Having up-to-date contact details for embedded networks will enable us to run effective education campaigns, notify exempt sellers when we vary their exemption conditions and address compliance concerns directly.

We have elected to add guidance in the Retail Guideline under section 5.1 'Change of site ownership' rather than as a condition of exemption. The guidance informs exempt sellers they should separately notify energy ombudsman schemes if their authorised representative's contact details change. We consider this to be the most effective approach given the existence of Condition 17(2) of the Retail Guideline. Condition 17(2) requires an exempt seller to comply with the requirements of the relevant energy ombudsman scheme, if permitted to be a member. We encourage the ombudsman schemes to consider including a requirement of this nature as part of their conditions for membership (if not already a membership requirement).

Related changes in the final Network Guideline are discussed in section 4 below.

Draft Guideline – pricing visibility

We introduced a new proposed sub-condition under Condition 7 (Pricing), requiring exempt sellers to publish residential and small business customer tariffs on their website (or display them in a communal area if they do not have a website), including the percentage from the local area retailer's standing offer (Condition 7(4)). We proposed to apply this condition to existing deemed as well as existing and future registered exempt sellers that onsell to any residential and small business customers.

We also proposed to revise sub-condition 7(2), which sets out the timeframe an exempt seller must adhere to before varying its customers' tariffs. We proposed that an exempt seller must provide notice to its customers of any change in the exempt customer tariff at least

5 business days before the variation takes effect. This would bring this exempt seller obligation in line with rule 46 of the Retail Rules, which is applicable to authorised retailers.

Stakeholder feedback

Consumer-focused stakeholders unanimously welcomed the introduction of a pricing visibility condition. They noted the benefits of equipping exempt customers with information to compare their tariffs to other embedded networks and those available to on-market customers.

While many stakeholders agreed with the principle of providing exempt customers improved pricing visibility, some stakeholders raised concerns about the practical application of the proposed condition. The concerns broadly related to implementation challenges and the potential for limited customer benefit.

Stakeholders submitted that publishing pricing in caravan parks, residential parks and land lease communities may create an administrative burden for exempt sellers that far outweighs any benefit to their customers. CPAQ and Ingenia noted that in some jurisdictions, customers under these selling arrangements (retail exemption class R4) are protected by legislation prohibiting exempt sellers from profiting from their energy on-selling activities. Stakeholders consider the risk of inflated pricing in these types of embedded networks is low.

CCIA observed the new legislation being introduced in NSW,³¹ which stipulates how customers in residential land lease communities can be charged for electricity. This includes that operators must not charge more than a comparable market offer, as determined by the Independent Pricing and Regulatory Tribunal NSW (IPART). The same legislation also specifies varying supply charge discounts that operators must pass through to exempt customers where the supply levels being supplied to the site are below 60 amps.

CPAQ reasoned it is not appropriate to require residential energy tariffs be publicly displayed on tourism-focused platforms in caravan parks. CPAQ observed that residents have direct access to an onsite park manager, who can readily provide tariff information on request.

Some stakeholders recommended the pricing visibility condition and the requirement to provide 5 days' notice should not apply to R4 sellers because it would be impractical to comply and unnecessary. CPAQ and Ingenia submitted that the pricing methodology set by relevant jurisdictional legislation for some sectors (for example, caravan parks) would make compliance with this condition difficult. We understand this is because some exempt sellers (such as caravan parks, manufactured home estates and residential land lease communities) are required to use an averaging method to calculate residential tariffs, which varies a customer's tariff each billing cycle. Stakeholders observed this would create an unnecessary administrative burden for these exempt sellers, particularly if required to provide 5 days' notice before each billing cycle. Stakeholders observed it may lead to delays in an exempt seller being able to recover its own energy costs (at the gate meter) if 5 days' notice is required. CCIA observed the possibility that in NSW, IPART could make a pricing determination that takes effect sooner than 5 business days from the date of determination, which could result in legislative conflict.

EWON provided a different view, suggesting we consider raising the 5-day notification requirement to 20 days. This would bring the requirements for exempt sellers in line with the

³¹ Under the Residential (Land Lease) Communities Regulation 2015.

AEMC's proposed rule change whereby authorised retailers will be required to provide 20 days' notice for tariff variations.³² While we are supportive of this suggestion for some residential classes, we do not consider it appropriate to extend obligations to exempt sellers that are not yet in effect for authorised retailers (and could still be subject to change).³³ However, we will consider this update as part of a future guideline review.

The Shopping Centre Council of Australia (SCCA), EnergyAustralia and Energy Intelligence raised concerns with the requirement to publish tariffs for commercial/small business arrangements. SCCA and EnergyAustralia indicated the problem the proposed requirement was seeking to address was unclear given minimal evidence of price harm in commercial embedded networks. They observed that publishing pricing was more likely to confuse (or mislead), rather than help customers to compare accessible alternative offers. This was particularly given the complexity and variability of embedded network tariffs and customer profiles within and across sites.

Industry stakeholders submitted that tariffs may differ between sites (for example, shopping centres in different distribution zones) or between customers whose contracts may be negotiated at different times, resulting in varying pricing. We understand that commercial contracts can also be negotiated based on overall energy usage requirements or differing tariff types (for example time of use versus flat rate tariffs). Energy Intelligence suggested the requirement could expose confidential commercial arrangements.

Altogether Group rejected claims that publishing tariffs caused harm by confusing customers, instead arguing that non-disclosure allowed exempt sellers to obscure costs or charges for prohibited items. Altogether Group submitted that clearly explained pricing and service inclusions were critical to transparency and effective customer service.

Final Guideline – pricing visibility

Given the feedback around the complexities of pricing arrangements in some residential and commercial embedded networks, we acknowledge that some exempt sellers may be subject to conflicting legislative requirements that would impact their ability to comply with a pricing publication requirement and have revised our draft position.

The final guideline does not require exempt sellers to comply with Condition 7(4) if their energy activities fall under deemed exemption classes D1, D3, D5, D10 and registrable exemption classes R1, R4, R6 and R7. These include caravan parks, residential land lease communities and commercial arrangements.

However, we maintain our view that Condition 7(4) should apply to exempt sellers whose energy activities fall under residential classes D2, D6, R2 or R3. This condition will support residential customers in apartment complexes (where we are seeing the largest growth in embedded networks and customer numbers) and retirement villages to better understand their prices. It also requires bodies corporate (which are often exempt sellers) to actively engage with their prices against the local area retailer's standing offer prices to ensure their compliance with Condition 7 (Pricing). This information would also improve the AER's ability

³² AEMC, [Improving consumer confidence in retail energy plans. 19 June 2025.](#)

³³ s 114(1)(a) of the Retail Law sets out that the AER must, in performing or exercising an AER exempt selling regulatory function or power, take into account that regulatory arrangements for exempt sellers should not unnecessarily diverge from those applying to retailers.

to monitor the behaviour of sellers because it would ensure sellers could provide us with this information on request.

We have taken into consideration the feedback around the pricing methodologies some classes of exempt sellers are required to use. We have varied the final Condition 7(2) to state that the requirement to provide notice to exempt customers at least 5 business days before the tariff variation takes effect does not apply where jurisdictional legislation makes compliance with this requirement not possible. We have further stipulated that if this circumstance applies, the exempt seller must provide notice to the exempt customer of any change in the exempt customer tariff as soon as practicable and no later than the exempt customer's next bill. Varied Condition 7(2) is effective immediately.

We have varied new Condition 7(4) in the final Retail Guideline to set out that an exempt seller must publish on its website, or its billing agent's website, the exempt customer tariffs and charges, as well as a percentage comparison of the exempt customer tariffs to the local area retailer's standing offer. We have further stipulated that if the exempt seller does not have a website or billing agent, the exempt seller must display the information in a location accessible to exempt customers. The AER's preference is for exempt sellers to publish their pricing online. The variation of this condition ensures exempt sellers only display the prices in a location accessible to exempt customers as a last resort, on the basis that they have no access to a customer-facing website. New Condition 7(4) is effective from 1 July 2026.

Draft guideline – deemed exemption class closure

We proposed closing the D1 (small business) and D2 (residential) deemed retail exemption class for future embedded networks from an effective date. We also proposed varying the current R1 and R2 registrable retail exemption classes to capture new small business and residential embedded networks (regardless of size) and these will be published on our public exemptions register.

Stakeholder feedback

Stakeholders were largely supportive of this proposal noting the value in improving visibility of these embedded network sites. However, some stakeholders suggested we go further. Ausgrid, COTA and EWOSA proposed closing all deemed classes, while the consumer joint submission³⁴ proposed closing all residential deemed classes.

SCCA opposed closing D1 and D2 classes on the basis that it would create an unwarranted administrative and unnecessary cost burden for no material benefit. Silver Asset Services also noted administrative burden as a concern and proposed we consider a phased implementation.

Final guideline – deemed exemption class closure

We have maintained our draft position that newly captured exempt sellers should submit information to the AER via our exemptions registration portal. Accordingly, we have closed the D1 (small business) and D2 (residential) class for future embedded networks effective from 1 January 2026. Exempt sellers commencing new supply activities from 1 January 2026 will be required to register under R1 (small business) and R2 (residential).

³⁴ Jointly submitted by the Justice and Equity Centre, Tenants Union NSW, Dr Georgina Davis and the South Australian Council of Social Service.

While we recognise that this revised requirement to register an exemption may increase an exempt seller's administrative requirements, we consider the benefits of improving our visibility of these sites outweigh any costs to exempt sellers. Further, we consider this option is unlikely to place administrative burden on exempt sellers (or the AER) because the process is self-administered through the portal and is straightforward.

We have maintained our position that existing deemed exempt sellers can retain their deemed status and will not be required to register unless their customer numbers increase. Reiterating our draft position, this is a pragmatic approach given the current unknown number of existing deemed embedded networks and the difficulty we face in reaching them.

Related changes in the draft Network Guideline are discussed in section 4.

3.3 Additional conditions considered

In considering stakeholder feedback on the draft Retail Guideline, we identified 2 potential new conditions proposed by stakeholders that had not been publicly consulted on as part of the draft guidelines process.

These 2 proposed conditions aim to improve outcomes for embedded network customers by ensuring embedded network customers:

- have improved visibility of their relevant energy ombudsman scheme via their energy bills
- are refunded any credits applied to their account upon termination of their energy supply agreement.

To provide stakeholders the opportunity to submit feedback, we invited interested stakeholders to make submissions on the 2 proposed conditions before we finalised the guideline. In early July we publicly consulted for 10 business days and received 7 submissions, primarily from peak bodies, consumer advocates and energy ombudsman schemes.

Stakeholder feedback

The ombudsman schemes,³⁵ consumer groups and the NSW Small Business Energy Alliance supported the inclusion of a new condition requiring exempt sellers to include ombudsman scheme details on residential customers' bills. We received feedback that acknowledged this requirement would better align exempt seller billing requirements with those of authorised retailers under our *Better Bills Guideline*. Most stakeholders observed this proposed condition would support improved customer visibility of an exempt customer's access to dispute resolution services.

CPAQ, CCIA and the Austin Tourist Park opposed the inclusion of this condition.

They observed that there was a risk that exempt sellers could face unreasonable costs if exempt customers bypassed their exempt seller's dispute resolution processes and contacted the relevant ombudsman scheme in the first instance. Stakeholders that opposed this condition noted that most ombudsman schemes charged exempt sellers a set fee when an exempt customer made an enquiry or a complaint, which could not be recovered. CPAQ noted the inclusion of ombudsman scheme details on customer bills could unintentionally

³⁵ EWON, EWOQ and EWOSA.

encourage exempt customers to escalate billing queries directly to the ombudsman scheme in the first instance.

CCIA submitted that many small residential land lease community exempt sellers use manual billing systems and that a condition of this nature would introduce an additional administrative burden. CPAQ observed that third-party assistance would be required to make amendments to the electricity invoice template, which would incur additional costs.

The ombudsman schemes submitted that residential park owners with less than 30 permanent residents should be exempted from this requirement to limit administrative burden and the costs of implementing it. While CPAQ and CCIA opposed the condition, they both supported a threshold of 30 customers if we elected to introduce it. Austin Tourist Park submitted the threshold should be set at 50 customers. The consumer advocates and the NSW Small Business Energy Alliance considered there should be no threshold on the principle that all embedded network customers should have protections equivalent to those of grid-connected retail customers.

The consumer advocates submitted that 4 weeks should be allowed for exempt sellers to change their billing templates. The NSW Small Business Energy Alliance proposed that a single billing period would be adequate. However, CPAQ recommended an adjustment period of 6 to 12 months would be required, to allow exempt sellers and their billing agents sufficient time to update templates, seek advice from ombudsman schemes and communicate changes to residents. CCIA supported 12 months.

Final Guideline – Billing

While we acknowledge the range of views around the proposed requirement to include ombudsman scheme details on exempt customers' bills, we consider the benefit of exempt customers having this information to hand outweighs the associated costs.

We have introduced sub-condition 3(q) under Condition 3 (Billing and payment arrangements) to the Retail Guideline. This requires exempt sellers to include on their customer bills a telephone number and website details for the relevant energy ombudsman scheme. The requirement mirrors the current obligations placed on authorised retailers via the AER's *Better Bills Guideline*. The condition does not preclude exempt sellers including their dispute resolution contact information on their customer bills or a prompt to use the exempt seller's dispute resolution processes in the first instance.

This condition will only apply to exempt sellers that are subject to Condition 17 (Ombudsman scheme membership).

We have heard the concerns that smaller exempt sellers will incur unreasonable costs to modify their billing templates. While we aim to extend comparable protections to all exempt customers via our Retail Guideline, we acknowledge that in some instances this is not feasible. This is particularly the case in residential parks and residential land lease estates, where the administrative costs and regulatory burden may impact the park operator's ability to effectively run the embedded network. This in turn risks impacting exempt customers, particularly those experiencing vulnerability. In imposing conditions on exempt sellers, we are mindful of this delicate balance. As such, we have elected to exclude this condition for exempt sellers that on-sell energy to fewer than 30 customers (up to 29 premises) under the R4 registrable retail class exemption (caravan parks, residential parks and manufactured home estates) within the limits of the site that they own, occupy or operate.

We recognise that exempt sellers may require a period of adjustment to amend their billing templates and processes and that this may involve the engagement of third-party billing agents. As such, we consider it reasonable for this condition to come into effect on 1 July 2026 to provide exempt sellers or their billing agents sufficient time to comply. However, we encourage exempt sellers to introduce this change earlier if feasible, given the clear benefits to exempt customers. We remind exempt sellers that use a billing agent, the exempt seller is ultimately responsible for ensuring their billing agent complies with this requirement.

Draft Guideline – credit refunds

No changes relating to energy account credit refunds were proposed in the draft Retail Guideline. However, since we published the draft guideline, we have become aware of instances whereby exempt sellers, upon termination of a customer's energy supply agreement, have failed to refund credits applied to their energy account.

Credits can be applied to an exempt customer's account due to various reasons. For example, it may be that an energy concession or rebate has been applied to their energy account.

Existing Condition 13 (Concessions and Rebates) of the [Retail Guideline](#) (v6 and draft v7) sets out that if a government or non-government energy rebate, concession or assistance under a relief scheme can only be claimed by the exempt seller on behalf of the eligible exempt customer, then, assuming there is no legal impediment, the exempt seller must make that claim and, if successful, must apply the rebate, concession or assistance to the exempt customer's next bill as a credit to the customer's account.

Stakeholder feedback

Stakeholders unanimously supported the inclusion of a credit refund requirement. CPAQ and CCIA submitted that exempt sellers should be allowed to apply outstanding excess energy credits to outstanding rent or other outstanding fees. CPAQ informed us that many caravan parks, particularly those operating older or less sophisticated accounting systems, are unable to automatically separate electricity accounts from rent accounts. CPAQ submitted that when rebates are received and applied to an exempt customer's account (within caravan parks), they are often credited against rent charges in the system by default.

We do not support exempt sellers transferring energy credits to different account types held by the customer (like rent). This approach would stray further from ensuring exempt customers have similar protections to their grid-connected retail counterparts. For example, authorised retailers, which sell energy to grid-connected customers, are not permitted to redirect credit from their customer's energy account to their customer's landlord or utilities companies to offset debt incurred by the customer. Where the exempt seller on-sells energy as a discrete, separate charge, we consider the exempt customer is entitled to any credit applied to the account (upon termination of the energy supply agreement). The customer can then elect to use the refunded money to offset other outstanding bills or fees, if they choose to do so.

Final Guideline – credit refunds

We consider that a requirement to refund any credit applied to an exempt customer's account, upon termination of the customer's energy supply agreement, is necessary to ensure customers are not denied their rights to access such financial support or funds.

As such we have introduced sub-condition 22(3) under Condition 22 (Termination of energy supply agreement). The condition sets out that if an exempt seller becomes aware that an exempt customer's account is in credit, upon termination of the energy supply agreement, the exempt seller must use best endeavours to refund the full credited amount to the customer within 10 business days. We have provided further guidance in a footnote that a credit may result from an energy rebate, concession or assistance under a relief scheme applied to the exempt customers energy account. New Condition 22(3) is effective immediately.

3.4 Condition variations

In addition to the exemption condition variations set out in this notice, we have maintained the additional condition variations proposed in the draft Retail Guideline and added a new requirement based on stakeholder feedback. These amendments are refinements of existing conditions to introduce improved support for exempt customers.

Table 1 Additional Retail Guideline core condition variations

| Condition | Variation |
|---|--|
| Condition 2 Information provision | No change from the draft guideline <p>The final guideline sets out that an exempt seller must advise exempt customers, in writing, at the start of their tenancy/residency/agreement of the forms of assistance available if the exempt customer is affected by family violence, as well as the process the exempt customer should follow to seek these forms of assistance. The exempt seller must also provide an exempt customer (residential or commercial/retail) a hard copy or electronic link to its family violence policy established in accordance with Condition 27.</p> <p>These requirements are effective immediately on implementation of an exempt seller's family violence policy.</p> |
| Condition 7 Pricing | No change from the draft guideline (effective immediately) <p>We have clarified that credit card payment fees are considered a 'charge' for the purposes of Condition 7(3), which prohibits an exempt seller from imposing any charge on an exempt customer that is not charged by the relevant local area retailer for new connections under a standard retail contract.</p> |
| Condition 9 Payment difficulties and disconnection or de-energisation | No change from the draft guideline <p>We have revised Condition 9(1)(e) to require an exempt seller to offer its family violence policy (alongside its hardship policy) to any exempt customer experiencing payment difficulties.</p> <p>This requirement is effective immediately on implementation of an exempt seller's family violence policy.</p> |
| Condition 13 Concessions and rebates | No change from the draft guideline (effective immediately) <p>Where an exempt customer is eligible to receive a government or non-government energy rebate, concession or assistance under a relief scheme, the exempt seller must not hinder an exempt customer's attempts to establish eligibility. We have extended this condition to include small business customers.</p> |

3.5 Additional amendments

We proposed several amendments to the draft Retail Guideline to clarify some ambiguities and streamline content. Table 2 sets out any adjustments we have made between the draft and final guideline.

Table 2 Additional Retail Guideline amendments

| | Draft Guideline | Final Guideline |
|---|--|---|
| D3 deemed retail exemption class | We provided guidance that we consider ‘short-term’ accommodation to mean 3 months or less. This is relevant to the deemed exemption class D3, which applies to persons selling metered energy to occupants of accommodation on a short-term basis. | <p>CCIA, The Energy Project and Ingenia have recommended ‘short-term’ accommodation should mean 6 months or less to better align with jurisdictional legislation. For example, we understand the <i>Holiday Parks (Long-term Casual Occupation) Act 2002 (NSW)</i> permits visitors to stay up to 180 days in any 12-month period before being classified as ‘long-term/permanent’ residents.</p> <p>We accept that exempt sellers should not have to offer hardship and family violence protections to short-term visitors, whose permanent residence is usually elsewhere (these conditions do not apply to the D3 class but do apply to the related R4 class, which covers long-term residents). We acknowledge that if we consider ‘short-term’ to mean 3 months or less we may inadvertently impose costly compliance obligations on exempt sellers. As such, we have amended our guidance to reflect that we consider ‘short-term’ accommodation to mean up to 180 days in any 12-month period.</p> |
| Network conversions (retrofitting) | We increased the number of years that evidence of customers’ explicit informed consent (EIC) must be retained, from 2 to 7 years. This brought the required timeframe in line with the requirements of the draft Network Guideline. | <p>CQ identified that the proposed 7-year retention period for EIC forms is inconsistent with established standards for authorised retailers, which maintain these records for 2 years. Industry stakeholders have submitted that the costs associated with document storage may outweigh the benefits of keeping the documents, given retrofit applicants provide EIC evidence to the AER when applying to retrofit sites.</p> <p>As such, we have elected to revert the requirement to maintain EIC</p> |

| | Draft Guideline | Final Guideline |
|----------------------------------|--|--|
| | | evidence for retrofits back to 2 years. The Network Guideline will also reflect this change. |
| Change of site ownership | We clarified that when a change of site ownership takes place, the new owner should notify us, via the registrable exemptions portal, before the change of ownership takes effect. | <p>Australia Pacific LNG, Austin Tourist Park, CPAQ and SCCA raised concerns about the new requirement for exempt sellers to notify the AER before a change of site ownership takes effect. CPAQ and Austin Tourist Park observed that a new registration may require AER approval and that, if delayed, refused or subject to further conditions, it could undermine sales processes and prevent innovation and investment.</p> <p>CPAQ has submitted this will contribute to regulatory burden in instances where the deal falls through and recommended timeframes align with standard settlement periods.</p> <p>SCCA argued the new requirement was impractical and would make it difficult to maintain confidentiality.</p> <p>As such, we have elected to maintain the position of version 6 of the Retail Guideline that exempt sellers must notify the AER of a change of site ownership 20 business days after the site changes hands.</p> |
| R6 retail class exemption | <p>We proposed to reopen registrable exemption class R6 relating to the sale of metered energy to small commercial/retail customers at a site or premises adjacent to a site that the seller owns, occupies or controls.</p> <p>This class was previously closed from 1 January 2015, with sellers required to apply to the AER for an individual exemption.</p> | <p>R6 will be reopened, effective immediately on release of the final Retail Guideline.</p> <p>We have maintained our view that a registrable class is adequate for these mutually agreed arrangements. We are aware of a small number of these arrangements, which are mutually convenient and agreed on by both the seller and the customer. Application for an individual exemption in these cases is burdensome for sellers, which could result in additional costs for the customer.</p> |

3.6 Effective dates for new conditions

Table 3 Effective dates for new retail conditions

| Requirement | Effective date |
|---|--|
| Requirement to refund credits upon termination of an exempt customer's energy supply (Condition 22(3)) | Effective immediately |
| Requirement to update authorised representative contact details within 20 business days (Condition 28) | |
| Requirement to develop, implement, maintain and comply with a family violence policy within 6 months (Condition 27(2)) | 1 January 2026 Existing exempt sellers must have a policy in place by 1 July 2026 |
| Requirement to add ombudsman scheme contact details to bills (Condition 3(q)) | 1 July 2026 |
| Requirement to publish exempt customer tariffs and percentage comparison to the local area retailer's standing offer (Condition 7(4)) | 1 July 2026 |

4 Network Guideline changes

4.1 Increasing exempt network service provider visibility

Draft Guideline – reporting and notification requirement

To support improved visibility, we proposed new Condition 1.18 (Reporting requirement), applicable to the NR2 registrable network exemption class (residential). This condition would require exempt network service providers to report to the AER (annually) updated residential customer numbers.

We further proposed new Condition 1.19 (Notification requirement), applicable to all registrable network exemption classes. This condition requires any changes to the authorised representative's contact details (including their name, email address and telephone number) to be submitted to the AER within 20 business days. This condition mirrors the exempt seller requirement proposed in the Retail Guideline.

Stakeholder feedback

Stakeholders were generally supportive of the proposed reporting and notification conditions. They acknowledged the importance of the AER acquiring data on customers numbers and being able to contact exempt network service providers.

Energy Locals suggested the AER consider a separate reporting format for authorised retailers who also perform the embedded network service provider role. Energy Locals considered this would avoid potential duplication with the retailer performance reporting obligations (which as of 1 July 2025 now include embedded network customer numbers).

We acknowledge that retailers are required to report embedded network customer numbers under our retail performance reporting framework. We recognise that this requirement, alongside Condition 1.18, may contribute to a degree of administrative duplication for a small number of authorised retailers. However, we consider the minor degree of duplication is manageable and reasonable, given Condition 1.18 will provide us information regarding the number of customers *by site*, which is not captured under performance data requirements.

CPAQ expressed similar views to the proposed Retail Guideline notification condition, observing a notification condition would be operationally challenging to implement in caravan parks.

Final Guideline – reporting and notification requirement

Given stakeholders' support for improved visibility of embedded networks, we have elected to maintain Conditions 1.18 and 1.19. While Condition 1.19 will be effective immediately, Condition 1.18 will be effective from 1 July 2026, giving stakeholders around 10 months to adjust and upgrade any reporting systems and processes. We consider this requirement will be manageable for exempt network service providers and will require minimal resourcing, noting updates can be provided via the registration portal on our website. We aim to periodically update the registrations portal to ensure it remains functional and user friendly.

We have mirrored the Retail Guideline guidance in the Network Guideline under section 6.2 *Registrable exemptions* informing exempt network service providers they should separately

notify the energy ombudsman scheme if their authorised representative's contact details change.

Draft guideline – deemed exemption class closure

We proposed closing the ND1 (small business) and ND2 (residential) deemed network exemption class for future embedded networks from an effective date. We also proposed varying the current NR1 and NR2 registrable network exemption classes to capture new small business and residential embedded networks (regardless of size) and these will be published on our public exemptions register.

Stakeholder feedback

Stakeholders were largely supportive of this proposal noting the value in improving visibility of these embedded network sites. However, Ausgrid, Council of the Ageing (COTA) and EWOSA supported closing *all* deemed classes, while the Consumer joint submission proposed closing all *residential* deemed classes. In contrast, SCCA and Silver Asset Services opposed closing ND1 and ND2 classes as they considered it would create administrative burden and costs for exempt network service providers.

Final guideline – deemed exemption class closure

We have maintained our draft position that future small business and residential embedded networks should be registered on our public register of exemptions. Accordingly, we have closed the ND1 (small business) and ND2 (residential) class for future embedded networks effective from 1 January 2026. Existing deemed exempt network service providers in these classes will continue to operate under their deemed exemption and will not be impacted by this change.

Exempt network service providers commencing new supply activities from 1 January 2026 will be required to register under NR1 (small business) and NR2 (residential). In addition, *existing* deemed exempt network service providers who are no longer eligible for ND1 or ND2 (because they exceed the customer threshold or must appoint an Embedded Network Manager) will also be required to register under class NR1 or NR2.

While we recognise that this requires additional effort on the part of exempt network service providers, we consider the benefits of improving our visibility of these sites outweighed these considerations. Further, we consider this option is unlikely to place significant administrative burden on exempt network service providers (or the AER), as the process is straightforward and self-administered through the portal.

We have also maintained our draft position that existing deemed exempt network service providers can retain their deemed status and will not be required to register unless their customer numbers increase.

4.2 Condition variations

In addition to the exemption condition variations set out in this notice, we have varied three general conditions and added 2 new conditions, based on our consideration of stakeholder feedback. These amendments refine existing conditions to better support exempt customers and clarify requirements for exempt network service providers.

Table 4 Network Guideline general condition variations

| Condition | Variation |
|--|--|
| Condition 1.1 Compliant metering | <p>Revised requirement (effective immediately)</p> <p>We have revised Condition 1.1 to ensure metering arrangements for on-market customers comply with all applicable National Electricity Rules (NER) and AEMO requirements (with further guidance footnoted). This requirement was reflected version 6 of the Network Guideline but was removed in the draft version 7 to streamline the guideline and reduce duplication of regulatory requirements.</p> <p>However, we have reinserted this requirement to address stakeholder feedback that suggested metering requirements can be an area of confusion. It further addresses stakeholder concerns that all generation, storage and consumption should be measured robustly – particularly larger systems where the scale and complexity of energy flows demand more accountability.</p> |
| Condition 1.3 Safety, reliability, security and emergency requirements | <p>Revised requirement (effective immediately)</p> <p>We have streamlined Condition 1.3 and expanded its scope to include safety, security and reliability of the NEM – particularly for exempt transmission networks and larger exempt distribution networks. These requirements were reflected in version 6 of the Network Guideline but were removed in the draft version 7 to streamline the guideline.</p> <p>We have also included an explicit reference to an exempt network service provider's requirement to comply with distribution network service provider (DNSP) connection agreements, DNSP Service and Installation Rules, good electricity industry practice and relevant Australian Standards.</p> |
| Condition 1.10 Life support customers | <p>Revised requirement (effective immediately)</p> <p>We have revised sub-condition 1.10.1(b) to require an exempt network service provider to notify the relevant exempt seller (if a different party) that their customer is a life support customer. This mitigates a potential gap in the flow of information between a life support customer and their exempt seller. This is particularly relevant where the customer provides the medical evidence to their exempt network service provider instead of their exempt seller.</p> <p>New requirement (effective immediately)</p> <p>We have added new sub-condition 1.10.2 to require an exempt network service provider maintain medical confirmation records and advice provided under sub-conditions 1.10.1(a) and (b). This aligns with the exempt seller record keeping requirements in the Retail Guideline (v7).</p> |

4.3 Previous amendments

We proposed various amendments in the draft Network Guideline published in October 2022. These were set out in the accompanying Notice of Draft³⁶ and included in the updated draft Network Guideline published in March 2025. Table 5 sets out any adjustments we have made between the draft and final guideline.

Table 5 Network Guideline previous amendments

| | Draft Guideline (October 2022) | Final Guideline |
|--|---|--|
| Streamlining of guideline | <p>Proposed changes included:</p> <ul style="list-style-type: none"> – revised title to <i>Network Exemptions Guideline</i> from <i>Electricity Network Service Provider – Registration Exemption Guideline</i> – inserted diagrams and flowcharts – plain language, accessible text and consistent terminology – detailed content in appendices – distinction between conditions (general and detailed) – clarification of eligibility requirements. | No change from the draft guideline (other than minor edits noted in Table 6) |
| Primary registrant | <p>We proposed an opt-in model for persons associated with a network (as owner, controller or operator) to nominate a primary registrant to the AER to comply with specified conditions. Only Condition 1.13 (Membership of energy ombudsman scheme obligation) was initially proposed.</p> | <p>Variation from the draft guideline</p> <p>We have extended the specified conditions to include:</p> <ul style="list-style-type: none"> – new Condition 1.18 (Reporting requirement) – new Condition 1.19 (Notification requirement) <p>Where multiple parties are registered as owning, operating or controlling an embedded network, the exemption registrants can nominate one of the parties be responsible for overall compliance with the specified conditions.</p> |
| Small Generation Aggregator (SGA) schemes | <p>We proposed changes to classes NDO1, NRO1 and NRO2 to regulate arrangements that include (but are not limited to) SGA schemes and provide clarity regarding the appropriate exemptions classes that apply.</p> | <p>Variation from the draft guideline</p> <p>We have amended activity descriptions for classes NDO1, NRO1 and NRO2 to ensure terminology is consistent with the AEMC's 2021 and 2023 rule changes for integrated energy storage systems. This includes incorporating the new system category for</p> |

³⁶ AER, [Notice of Draft Instrument Network Exemptions Guideline \(version 7\) - October 2022](#)

| | Draft Guideline (October 2022) | Final Guideline |
|--|---|--|
| | | <i>Integrated Resource System</i> and related terms <i>production unit</i> and <i>bidirectional unit</i> and replacing the redundant term SGA with <i>Small Resource Aggregator (SRA)</i> . |
| Embedded Network Manager (ENM) requirements | <p>We proposed that ENM appointment:</p> <ul style="list-style-type: none"> – occur within 30 business days after a customer exercises their right to access a retailer of choice – be deferred at embedded network sites in regional Queensland and legacy unmetered sites – be subject to reversion where all on-market customers become off-market customers (for classes ND10, NR1, NR2, NR3, NR5 or NR6). | <p>Variation from the draft guideline</p> <p>We have rectified an omission by adding ND3 and NR4 to the network exemption classes which may be subject to reversion, where all on-market customers become off-market customers.</p> <p>We have also moved the content related to deferral and reversion of ENM appointment from Condition 6.1 (Cost recovery) and to Condition 6 (ENM – appointment and reversion) where it has more relevance.</p> <p>We have also revised the wording of the ENM deferral and reversion requirements in a boxed note for greater clarity.</p> |
| Explicit informed consent (EIC) | We proposed that exempt embedded network service providers give prospective customers standardised information about retrofits, which we set out in new Appendix C of the draft guideline. | No change from the draft guideline (other than minor edits noted in Table 6). |
| Disconnection protections for energy only customers | <p>We proposed 3 new conditions:</p> <ul style="list-style-type: none"> – Condition 1.14 (Payment difficulties and disconnection or de-energisation) – Condition 1.15 (When disconnection or de-energisation is prohibited) – Condition 1.16 (Reconnection or re-energisation) <p>These replicate the disconnection obligations in Conditions 9 to 11 in version 6 of the Retail Guideline.</p> | No change from the draft guideline |
| Additional amendments | <p>Proposed changes included:</p> <ul style="list-style-type: none"> – additional guidance on the meaning of owning, controlling and operating – removal of ‘eligible communities’ and ‘counter-offer’ provisions – updated civil penalty information for breaches of the NEL and NER | No change from the draft guideline (other than minor edits noted in Table 6) |

| | Draft Guideline (October 2022) | Final Guideline |
|-----------------------------|--|---|
| | <ul style="list-style-type: none"> – new designated network asset/dedicated connection asset arrangements – removal of redundant/extraneous content and unnecessary conditions, and – updated glossary. | |
| Continuity of supply | <p>We proposed a new condition (Condition 1.17) requiring exempt network service providers to:</p> <ul style="list-style-type: none"> – notify customers and the AER if they become aware of any actual or likely risk of disconnection at the parent connection point due to the failure of the party selling electricity within their embedded network – take actions under the condition as soon as practicable to identify an alternative seller for the embedded network and notify customers and the AER of such seller, and – give details of all customers (who consent) to the alternative seller. | No change from the draft guideline |

4.4 Additional amendments

We proposed several amendments to the draft Network Guideline published in March 2025, to clarify some ambiguities and streamline content. The Table 6 sets out any adjustments we have made between the draft and final guideline.

Table 6 Network Guideline additional amendments

| | Draft Guideline (March 2025) | Final Guideline |
|-----------------|--|---|
| Glossary | Minor changes were made to the Glossary. | <p>We have included additional terms in the Glossary:</p> <ul style="list-style-type: none"> – Brownfield site – Distribution network – Greenfield site – Embedded Network Manager conditions – Good electricity industry practice – Large DCA – National Electricity Market – Transmission network <p>These have been included for clarity and assist stakeholders understand important terms.</p> |

| | Draft Guideline (March 2025) | Final Guideline |
|---|---|---|
| Victorian licensing and exemptions framework | We did not reference the separate licensing and exemptions framework for networks in Victoria. | To address this gap identified by Compliance Quarter, and to support cross-jurisdictional compliance, we have referenced Victoria's exemptions framework (and how it intersects with our framework) in section 1 <i>About this Guideline</i> . |
| Primary registrant | Additional information was included to clarify the meaning of the terms 'own', 'operate' and 'control', but we did not specify how the rights and responsibilities relating to these network activities are generally determined. | To address this gap identified by Compliance Quarter, we have inserted a footnote in section 5.1 <i>Primary Registrant – multiple parties associated with a network</i> , which clarifies that the rights and responsibilities of each party are generally determined in an agreement or contract. |
| Change of site ownership | We clarified that when a change of site ownership takes place, the new owner should notify us, via our registrable exemptions portal, <i>before</i> the change of ownership takes effects. | We have mirrored the change of site ownership notification requirement in the Retail Guideline (discussed in this notice at 3 <i>Retail Guideline changes – additional amendments</i>). Exempt network service providers must now notify the AER of a change of site ownership <i>20 business days after</i> the site changes hands. |
| ND3 deemed network exemption class | We provided guidance that we consider 'short-term' accommodation to mean 3 months or less. This is relevant to the deemed exemption class ND3, which applies to persons supplying metered energy to occupants of accommodation on a short-term basis. | CCIA and Ingenia recommended that 'short-term' accommodation should mean 6 months or less, to better align with jurisdictional legislation. We accept that exempt network service providers should not have to offer continuity of supply protections to short-term visitors, whose permanent residence is usually elsewhere (these conditions do not apply to the ND3 class but do apply to the NR4 class, which covers long-term residents in caravan parks and residential land lease estates). As such, we have provided revised guidance that we consider 'short-term' accommodation to mean up to 180 days in any 12-month period. This mirrors the revised guidance provided in the Retail Guideline. |

| | Draft Guideline (March 2025) | Final Guideline |
|--|--|---|
| Deemed network exemption class NDO8 | We did not address the scenario of residential parks and manufactured home estates with private wiring, that is not configured as an embedded network and directly connects residents/tenants to a DNSP. | To address this gap identified by The Energy Project, we have included these exempt networks in the activity description for NDO8. We have further clarified that NDO8 does not apply to residential parks or manufactured home estates that are configured as an embedded network. |
| Deemed network exemption classes NDO2 NDO4, NDO5, NDO6 and NDO8 | We did not apply Condition 1.4 (Design for loss of supply) to classes NDO2, NDO4, NDO5, NDO6 and NDO8. | AEMO raised concerns around the need to maintain electrical safety at national grid connection points during power outages. As such, we have applied Condition 1.4 to these deemed exemption classes. |
| Eligibility for network exemption classes NDO1, NRO1 and NRO2 | We included a footnote to classes NDO1, NRO1 and NRO2, which specified that eligibility for these classes required AEMO confirmation as to whether performance standards applied to a generating system (GS) or integrated resource system (IRS) to be connected to the exempt network – where the aggregate nameplate rating of the system at their connection point to the exempt network is 5 MW or more. | We have clarified that the exempt network service provider must obtain written evidence of AEMO's review of the third-party generation system or integrated resource system to be connected to their exempt network. This is to ensure the exempt network service provider's network does not adversely impact power system security. We have also clarified that a further AEMO review is required if extra generation capacity is added, which would result in total aggregate generation exceeding 5MW. |
| Designated network assets (DNA) and Dedicated connection assets (DCA) | To reflect arrangements under the AEMC's <i>Connection to dedicated connection assets</i> rule change (2021), we: <ul style="list-style-type: none"> – added new class NRO7 (DNA) – closed existing classes NRO6 (large DCA) and NRO7 (small DCA), and – applied renumbered conditions to classes NRO7, NRO6 and NRO7. However, in proposing these changes we inadvertently: <ul style="list-style-type: none"> – omitted to specify that the DNA and DCA frameworks do not apply to Victoria – closed class NRO7 to new registrants, and | To resolve inadvertent errors and aid clarity, we have: <ul style="list-style-type: none"> – footnoted that the DNA and the DCA frameworks do not apply to Victoria – reopened class NRO7 for DCA under 30km in length – added new Condition 9 (DCA) to reflect the savings and transitional arrangements for DCA under AEMC's 2021 rule – applied Condition 5.1 (Charge groups) and Condition 8 (DNA) to class NRO8, and – applied Condition 5.1 (Charge groups) and Condition 9 (DCA) to class NRO7. |

| | Draft Guideline (March 2025) | Final Guideline |
|--|---|--|
| | <ul style="list-style-type: none"> – applied most detailed conditions to classes NRO6, NRO7 and NRO8. | |
| Existing registered unmetered installations | Condition 2.4 (Metering installation) did not specify whether existing exempt networks, with unmetered installations, were required to upgrade their metering. | We have clarified that existing registered unmetered installations are not required to be upgraded. However, in all other circumstances we require meters or sub-meters to be installed that can measure the electricity supplied to a customer. |
| Embedded Network Manager appointment deferral for network exemption classes ND3 and NR4 | In attempting to streamline the Network Guideline, we omitted guidance from version 6 of the Network Guideline) that explains why exempt network service providers can defer the appointment of an Embedded Network Manager if supplying electricity under exemption classes ND3 and NR4. | CCIA requested we re-insert explanatory text from version 6 of the Network Guideline to assist exempt network service providers to better understand the reasoning behind this exception. We agree that this information will be useful for stakeholders and have reinserted the guidance from version 6 as a footnote to Condition 3.2 (Embedded Network Manager appointment trigger conditions). |
| Network charge groups and pricing | We streamlined the pricing conditions section. | Ampol raised concerns around the clarity of application of the pricing conditions. To avoid potential confusion, we have: <ul style="list-style-type: none"> – revised table 7 to closely align with Table 11 in version 6 of the Network Guideline. We have also added several explanatory footnotes to clarify the charge groups that apply in different circumstances. – added a summary of pricing arrangements by customer/situation type, based on section 4.6.4.2 <i>Charging customers – Summary</i> in version 6 of the Network Guideline – simplified Condition 5.2 (renamed 'Network charges') by footnoting content in sub-condition 5.2.5 relating to other network charges. |
| Network conversions (retrofitting) | We increased the number of years that evidence of customers' explicit informed consent (EIC) must be retained, from 2 to 7 years. | Compliance Quarter identified the proposed 7-year EIC retention period is inconsistent with established standards for authorised retailers, who must maintain these records for 2 years. As such, we have revised |

| | Draft Guideline (March 2025) | Final Guideline |
|--|---|--|
| | | the requirement to maintain EIC evidence for retrofits back to 2 years. |
| | We omitted to specify that a retrofit application reference number was needed to register a network exemption on our public register of exemptions. | Energy Intelligence requested clarification around retrofit application reference numbers. We have clarified in Appendix C that a retrofit applicant requires an AER Notice of Acceptance (which contains a reference number needed to register the relevant network exemption(s)). |

4.5 Effective dates for new conditions

Table 7 Effective dates for new network conditions

| Requirement | Effective date |
|--|------------------------------|
| Option to nominate a primary registrant to discharge specified requirements (only applies to Condition 1.13, Condition 1.18 and Condition 1.19) | Effective immediately |
| Requirement to assist on-market customers billed separately for network tariffs who are having payment difficulties (Condition 1.14) | |
| Requirement to not disconnect or de-energise life support customers, customers with an undecided application for an energy rebate, concession or relief or customers with an unresolved complaint to their exempt network service provider or energy ombudsman about disconnection or de-energisation (Condition 1.15) | |
| Requirement to reconnect or re-energise customers who have been disconnected in accordance with conditions 1.14 and 1.15 (Condition 1.16) | |
| Requirement to notify customers and the AER of disconnection risk due to a failing seller at the embedded network parent connection point, take reasonable steps to facilitate the customers' continuity of supply (Condition 1.17) | |
| Requirement to update authorised representative contact details within 20 business days (Condition 1.19) | |
| Requirement to appoint an Embedded Network Manager (ENM) within 30 business days of an ENM trigger event (Condition 3.3) | |
| Requirement for exempt network service providers of a designated network asset to comply with the deemed conditions specified in clause 2.5.1(d3) of the NER and Appendix A-2 (Table 4) of the guideline (Condition 8) | |

| Requirement | Effective date |
|---|--------------------|
| Requirement for exempt network service providers of a dedicated connection asset to comply with the specified conditions in Appendix A-2 (Table 4) of the guideline (Condition 9) | |
| Requirement to report updated residential customer numbers between 1 July and 31 July each year (Condition 1.18) | 1 July 2026 |

Glossary

| Term | Definition |
|--|--|
| Body corporate | A controlling body of a scheme constituted under state or territory strata titles legislation, the members of which are lot owners (or their representatives) and includes an owners' corporation but is not a body corporate for the purposes of the <i>Corporations Act 2001</i> (Cth). |
| Business customer | A customer who purchases energy principally for business use at industrial, commercial or retail premises. |
| Embedded network | Has the meaning specified in chapter 10 of the NER. A type of exempt network. A distribution system, connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a Network Service Provider. |
| Embedded Network Manager | A person: a. who meets the requirements listed in schedule 7.7 of the NER and has been accredited and registered by AEMO as an Embedded Network Manager, and b. who has not been deregistered by AEMO as an Embedded Network Manager under clause 7.4.4(d) of the NER. |
| Energy | Electricity or gas. |
| Exempt embedded network service provider | A person who engages in the activity of owning, controlling or operating an embedded network under an exemption granted or deemed to be granted by the AER under section 13 of the NEL and clause 2.5.1(d) of the NER. |
| Exempt seller | A person who is exempt by the AER under a deemed, registrable or individual exemption from the requirement to hold a retailer authorisation. |
| Meter | A device complying with Australian Standards that measures and records the production or consumption of electrical energy |
| Network Service Provider | A person who engages in the activity of owning, controlling or operating a transmission system or distribution system and who is registered by AEMO as a Network Service Provider under Chapter 2 of the NER. |
| On-selling | An arrangement where a person acquires electricity from another person, and they, or a person acting on their behalf, sells electricity for use within the limits of a site. |
| Residential customer | A customer who purchases energy principally for personal, household or domestic use at premises. |
| Retailer | A person who is the holder of a retailer authorisation for the purposes of section 88 of the Retail Law. |
| Retrofit | Conversion of an existing network distribution system into an embedded network. |
| Supply | The delivery of electricity. |

Appendix A

Submissions to the draft decision and guidelines

The review received 34 submissions to our March 2025 draft decision, one of which was confidential. The 33 stakeholders who made public submissions are listed in the table below.

| Consumer advocates | Industry | Government & other |
|---|--|---|
| Ombudsmen <ul style="list-style-type: none"> Energy and Water Ombudsman New South Wales (EWON) Energy and Water Ombudsman SA (EWOSA) Energy and Water Ombudsman Qld (EWQQ) Consumer groups <ul style="list-style-type: none"> Australian Council of Social Service (ACOSS) Council on the Ageing (COTA) Justice and Equity Centre (JEC) [formerly <i>Public Interest Advocacy Centre (PIAC)</i>], South Australian Council of Social Services (SACOSS), Tenants Union NSW and Dr Georgina Davis (Consumer joint submission) Business groups <ul style="list-style-type: none"> NSW Small Business Energy Alliance (NSBEA) South Australian Business Chamber (SABC) [Confidential submission] Shopping Centre Council Australia (SCCA) Owners groups <ul style="list-style-type: none"> Strata Community Association Queensland (SCAQ) | Embedded networks (embedded network managers, exempt sellers and consultants) <ul style="list-style-type: none"> Altogether Group Australia Pacific LNG (APLNG) Compliance Quarter (CQ) EnergyAustralia Energy Intelligence Energy Locals MJR Utility Consult (MJR) Network Energy Services (NES) Origin Energy (Origin) Silver Asset Services (SAS) The Energy Project (TEP) Caravan parks, land lease communities and manufactured home estates (and peak bodies) <ul style="list-style-type: none"> Austin Tourist Park (ATP) Caravan, Camping & Touring Industry & Manufactured Housing Industry Association of NSW (CCIA) Caravan Parks Association of Queensland Ltd (CPAQ) Ingenia Communities Group (Ingenia) Distributors <ul style="list-style-type: none"> Energex and Ergon Energy (Energy Queensland) Ausgrid Endeavour Energy Other industry stakeholders <ul style="list-style-type: none"> Ampol Electric Vehicle Council (EVC) Marina Industries Association (MIA) | Market bodies <ul style="list-style-type: none"> Australian Energy Market Operator (AEMO) Academia <ul style="list-style-type: none"> Dr Rowena Cantley-Smith and Dr Anne Kallies (Cantley-Smith & Kallies) |

Retail Guideline – additional stakeholder submissions

We have tabled below additional feedback received to the Retail Guideline, not directly addressed in the Notice of final instruments.

| Stakeholder feedback | AER response |
|---|--|
| Compliance reporting | |
| <p>The JEC/Consumer joint submission and Endeavour Energy advocated for the AER to introduce a compliance reporting requirement for exempt sellers to support consistent visibility and data to improve consumer outcomes.</p> <p>EWOSA suggested we reconsider the implementation of compliance reporting related to life support customers.</p> <p>EWON and EWOQ both reiterated their preference for exempt seller compliance reporting (particularly in relation to disconnection, life support, payment plans and ombudsman scheme membership).</p> | <p>We agree that, in principle, compliance reporting would likely increase our ability to monitor compliance and take enforcement action against non-compliant exempt sellers. However, we are currently not resourced to implement a compliance reporting requirement. Given the significant number of existing embedded networks in our jurisdiction, major portal IT adjustments and additional staff would be required to accommodate reporting and respond to non-compliance with the requirement.</p> <p>Further, our core exemption conditions take into consideration the likely administrative burden placed on exempt sellers. We consider it is likely that exempt sellers will incur significant costs if required to upgrade their systems and processes to report compliance. This may be unmanageable for smaller exempt sellers, who will have to administer their new notification requirements and develop, maintain and comply with a family violence policy for the first time.</p> <p>While we have not proposed to introduce compliance reporting at this time, we will continue to engage with our stakeholders to identify potential compliance risks and act where appropriate.</p> |
| Requests for supporting information/clarification | |
| <p>Cantley-Smith & Kallies requested guidance around new commercial activities within embedded networks not currently captured by existing exemption classes – especially for electric vehicle (EV) charging infrastructure. SCCA also proposed this for EV charging arrangements.</p> | <p>We acknowledge the value of clear guidance around the regulatory requirements for the provision of EV charging. We will consider options for developing non-binding fact sheets outside the guideline.</p> <p>Developing guidance outside of the Retail Guideline has advantages for stakeholders in that we can respond and address the AER's proposed approach to regulatory requirements for EV charging scenarios (exempt selling and supply) within the same document. It also provides us the flexibility to update the guidance, without requiring a formal (and often lengthy) guideline review process.</p> |

| Stakeholder feedback | AER response |
|--|---|
| <p>SAS requested clear guidance (via detailed instructions and support materials) to assist exemption holders to understand and implement the new requirements, along with engaging stakeholders through information sessions or workshops. They also recommended monitoring and evaluating the impact of the new requirements.</p> | <p>We intend to commence an education campaign aiming to promote the new and revised compliance obligations in the Retail Guideline. We will also continue to work with stakeholder groups and ombudsman schemes to understand the impact of the new requirements on exemption holders and their consumers.</p> |
| <p>Energy Intelligence requested a 'Compliance Quick Reference Guide' with summary table or checklist outlining reporting and compliance requirements by exemption type, to improve clarity and training.</p> | <p>We consider that Appendix A-3 of the Retail Guideline sufficiently provides a clear snapshot of compliance requirements against each retail exemption class and we encourage exempt sellers to regularly refer to this document.</p> |
| <p>Energy Intelligence supported publishing a list of retailers offering energy only offers to embedded network customers.</p> | <p>We aim to progress the proposed list of retailers offering energy only offers as a separate project, outside the scope of the Retail Guideline.</p> |
| <p>CCIA requested that we reinstate the example of 'landlord and tenant' in the final Retail Guideline, arguing this clarifies what is meant by 'another more significant relationship'.</p> <p>CCIA also observed that exempt customers in NSW are eligible for concessions and rebates and requested we advise our stakeholders of this via this notice.</p> | <p>We have reinstated the example of a significant relationship in the final Retail Guideline.</p> <p>In Table 2 of our draft Notice, we stated that exempt customers in NSW are ineligible for most concessions unless the seller is a signatory to the Social Programs for Energy Code. We have been advised this statement was incorrect and apologise for any confusion it may have caused. Exempt customers who are eligible for rebates in NSW can apply for rebates via Service NSW.</p> |
| <p>Disclosure requirements</p> | |
| <p>MJR Utility Consult proposed that exempt sellers be required to disclose service agreements with developers, including details of asset values and consumer pricing to ensure transparency. They also suggested termination clauses be included in service agreements.</p> | <p>Disclosure requirements and termination clauses relating to developer contracts are outside the scope of the AER's regulatory remit and are matters for jurisdictional legislation. We observe the NSW Government has introduced legislative reforms in this area.</p> |
| <p>Common area electricity charges</p> | |
| <p>Altogether Group proposed amending the pricing condition to prohibit exempt sellers charging customers for common property electricity costs via their individual bills.</p> | <p>Whether a person is engaging in the activity of selling energy to a person for premises for the purposes of section 88(1) of the Retail Law will depend on the circumstances of the arrangement. In most cases, we would not consider that a sale of energy has occurred where a landlord or body corporate seeks to recover costs for energy supplied to common areas. We understand that fees and charges relating to the management of common areas are generally recovered by lot owners through strata levies or body corporate fees.</p> |

| Stakeholder feedback | AER response |
|---|---|
| <p>Exemption registration</p> <p>Energy Intelligence requested defined timeframes or service levels be introduced for publishing exemptions on the AER public register to improve transparency and prevent customer confusion.</p> | <p>We endeavour to publish registrable exemptions on our public register as soon as possible. As the AER cannot control how many exemptions are submitted at any given time, we do not consider it feasible to implement timeframes for publication. Exemptions are registered in the order of receipt.</p> <p>We aim to assess retrofit and individual exemption applications within 16 weeks of receiving all the relevant information from the applicant. However, we are likely to require more time if the application is complex. We will continue to work with applicants to ensure they have provided all the required information for us to process their application as quickly as is practicable. The quality of the initial application remains the biggest factor influencing the time it takes us to progress and approve an application.</p> |
| <p>Additional amendments</p> <p>No stakeholders opposed the following draft Retail Guideline amendments.</p> <p>Glossary – including the new terms ‘affected exempt customer’ or ‘family violence’ or their definitions.</p> <p>Network conversions (retrofitting) – clarifying that AER approval is required for network conversions in all cases.</p> <p>The use of agents or third-party service providers – reaffirming that third-party service providers (engaged by an exempt seller) should adhere to relevant compliance obligations attached to an exempt seller’s exemption; or noting that exempt sellers are responsible for ensuring these service providers understand, and comply with, those obligations.</p> <p>National Energy Retail Objective (NERO) – updating the description of the NERO to include the emissions reduction component that was added on 21 September 2023.</p> <p>Registrable retail exemption class R6 – reopening registrable exemption class R6 relating to the sale of metered energy to small commercial/retail customers at a site or premises adjacent to a site that the seller owns, occupies or controls.</p> <p>Clarification of credit card payment fees as a ‘charge’ – no stakeholders opposed position.</p> | <p>We note that all the proposed amendments in the draft Retail Guideline that received no opposition or feedback from stakeholders have been preserved in the final guideline.</p> |

| Stakeholder feedback | AER response |
|---|--------------|
| Concessions and rebates (small business customers) – extending the condition for exempt sellers not to hinder an exempt customer’s attempt to establish eligibility for an energy concessions and rebates to small business customers. No other stakeholders opposed the change. | |

Network Guideline – additional stakeholder submissions

We have tabled below additional feedback received to the Network Guideline, not directly addressed in the Notice of final instruments.

| Stakeholder feedback | AER response |
|--|---|
| Compliance reporting | |
| The JEC/Consumer joint submission , Endeavour Energy and ombudsmen (EWOSA, EWON, EWOQ) advocated that embedded network service providers be subject to compliance reporting. A similar preference was expressed for exempt sellers (noted in Appendix A under ‘Retail Guideline – additional stakeholder submissions’). | For similar reasons noted in Appendix A under ‘Retail Guideline – additional stakeholder submissions’, we do not propose to introduce compliance reporting for exempt embedded network service providers at this time. |
| Requests for supporting information/clarification | |
| Cantley-Smith & Kallies and SCCA requested clarification of the supply arrangements between EV charging stations and end users. A similar request was raised for retail arrangements in exempt networks. | We will consider options for developing fact sheets on EV charging arrangements outside the guideline upon finalising this review, as noted in Appendix A under ‘Retail Guideline – additional stakeholder submissions’. |
| APLNG requested clarification of conditions relevant to embedded network sites in regional Queensland. | Embedded network sites in regional Queensland are subject to the same conditions as sites in other parts of the NEM, except for Condition 6 (Embedded Network Manager – appointment and reversion). We consider this exception reasonable, given the absence of retail competition in regional Queensland. We have discussed this in more detail in our 2022 Notice of Draft. ³⁷ |

³⁷ AER, [Notice of Draft – Network Exemptions Guideline \(version 7\)](#), Australian Energy Regulator, October 2022.

| Stakeholder feedback | AER response |
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| Energy Intelligence suggested additional guidance on Embedded Network Manager responsibilities and voluntary appointment. | Embedded Network Manager responsibilities are set out in the NER and AEMO's <i>Embedded Network Manager service level procedures</i> . ³⁸ These are also outlined in AEMO's <i>Role of the Embedded Network Manager</i> fact sheet. ³⁹ Condition 3.3 (Small size network threshold) notes that an exempt network service provider is not prevented from voluntarily appointing an Embedded Network Manager to an embedded network with less than 30 small customers. |
| SAS requested clarification of valid explicit informed consent (EIC), documentation and verification requirements, and re-obtaining EIC when ownership or management changes occur. | We consider that Appendix C provides sufficiently clear information on collecting and recording EIC for the purposes of embedded network retrofits. We confirm that when AER retrofit approval has been granted, and the exempt network service provider has converted the site to an embedded network, there is no requirement to re-obtain customer EIC if the network owner, operator or controller changes. |
| AEMO suggested expanding Section 3 (Do you need a network exemption) to include more scenarios and schematics for wiring and metering arrangements. | We acknowledge the value of clear guidance on various exempt network configurations. We will consider options for developing guidance on network configurations outside the guideline. Taking this approach (outside the guideline) means we can quickly provide guidance for new or emerging scenarios, without requiring a formal (and often lengthy) guideline review process. |
| AEMO requested that models under AEMC's 2024 <i>Unlocking CER benefits through flexible trading</i> ⁴⁰ rule change be included in the guideline to avoid duplicative processes and confusion. | We will likely undertake consultation with stakeholders on potential changes to the exemptions guidelines next year resulting from the AEMC's rule changes that take effect on 26 November 2026. We consider this approach will avoid potential confusion, given the rule change introduces a material change to the NER definition of 'distribution system'. |
| AEMO suggested requiring exempt network service providers of embedded networks to have metering equipment installed and maintained by an AEMO-accredited Metering Provider to ensure retailers can have confidence about the quality of the connection and metering equipment for prospective on-market customers. However, AEMO acknowledged that imposing such a requirement would | We acknowledge that retailers generally cannot determine the quality of an embedded network customer's connection and metering if they request to go 'on market' (particularly legacy sites established before 1 January 2012, when the Guideline first required NEM-compliant metering installations). We agree it would be preferable if AEMO-accredited Metering Providers were |

³⁸ AEMO, [Service Level Procedure – Embedded Network Manager](#), Australian Energy Market Operator, 6 September 2019.

³⁹ AEMO, [Factsheet - Role of the Embedded Network Manager](#), Australian Energy Market Operator.

⁴⁰ AEMC, [National Electricity Amendment \(\(Unlocking CER benefits through flexible trading\) Rule 2024](#), Australian Energy Market Commission, 15 August 2024.

| Stakeholder feedback | AER response |
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| not by itself resolve other barriers that impede customers in embedded networks accessing competition. | required to install and maintain metering equipment in embedded networks. However, we are conscious of the additional cost this would impose, which could ultimately be borne by customers. For this reason, we have elected not to adopt this recommendation at this time. We consider AEMO's suggested amendment should be considered as part of broader holistic jurisdictional reforms as discussed in section 2.4 of the Notice. |
| Additional amendments | |
| CCIA requested that eligible communities and counter-offer provisions be reinserted in the final Network Guideline, submitting it would be unfair for customers to bear costs of Embedded Network Manager services for others going on market, without a cost-recovery mechanism. | While we acknowledge CCIA's concern, we have received no evidence to suggest customers in residential land lease or manufactured home sites will be disadvantaged by our decision to remove these provisions. However, we will continue to monitor any outcomes of this change and may introduce further changes if evidence of customer detriment materialises. |
| EnergyAustralia proposed that prospective exempt network operators be allowed to obtain EIC from the Owners Corporation (as representative of tenants at embedded network sites) for a proposed retrofit rather than tenants directly. | We consider that the only way to ensure that prospective customers have been fully advised on the proposal, and had their concerns heard and addressed to the extent possible, is to seek their individual consent. We have set an 85% threshold to take into account the likely possibility that a small percentage of prospective customers will not consent or engage fully with the process. |
| CQ submitted that an exempt network service provider only be required to obtain DNSP advice about wiring out options where a prospective customer has not consented to a proposed retrofit. | <i>Part 1 of Appendix C</i> of the Network Guideline (v7) clarifies that an intending exempt network service provider must only seek DNSP advice about wiring out tenants where they do not consent to embedded network. |
| NSBEA proposed replacing 'energy only' offers with Network Use of System billing integration to remove pricing barriers, foster retail competition and improve transparency in tariff allocation within embedded networks. | We note that retailer energy contracts and billing systems are outside the scope of the AER's regulatory remit. |
| Energy Intelligence requested we clarify and/or insert additional guidance regarding: <ul style="list-style-type: none"> – retrofit requirements for registrable network exemptions (along with the AER's portal process for application reference numbers) – relevant exemption requirements for embedded networks expansions, and – metering requirements for all energy services – especially those involving large-scale or co-located renewable assets (such as solar, wind or batteries). | Retrofit information in section 6.2 <i>Registrable exemptions</i> , section 7.1 <i>Exemption conditions</i> and <i>Appendix C</i> of the Network Guideline (v7) sets out the requirements for applicants seeking to convert a site into an embedded network. We have inserted guidance in Appendix C to clarify the exemption registration process for retrofits (via our online portal). While we cannot address every possible retrofit scenario in the guideline, we encourage stakeholders to contact us at AERexemptions@aer.gov.au if they have queries about a specific retrofit scenario. |

| Stakeholder feedback | AER response |
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| | <p>Metering requirements for on-market customers in exempt networks were captured in version 6 of the guideline. However, this content was removed to ensure exempt network service providers remained engaged with their metering obligations under Ch 7 of the NER, which may be subject to change. We remain of the view that exempt network service providers should remain actively engaged with these requirements, which sit outside of our guideline. We have reiterated this position under Condition 1.1 (Compliant metering).</p> |
| <p>Energy Queensland requested we clarify obligations for exempt network service providers to facilitate customer installation of generation at child connection points. Energy Queensland submitted that exempt network service providers should develop a connection policy and be required to report information about generation connected within embedded networks to the local DNSP. Energy Queensland noted that lack of visibility of such generation impacts their ability to plan, maintain and operate their network.</p> | <p>We acknowledge the importance of DNSPs having visibility of embedded network generation capacity to effectively manage their networks. However, we consider this can be better achieved via the terms and conditions set out in the relevant DNSP's connection agreement with an exempt network service provider.</p> <p>To reflect this position, we have varied Condition 1.3 (Safety, reliability, security and emergency requirements) to require exempt network service providers comply with their DNSP connection agreements. This could include providing information to a DNSP relevant to the control, operation or maintenance of the network (such as demand forecasting data or details of the physical network infrastructure and assets).</p> |