

Exemption guidelines review

Consultation paper

May 2026

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1 Executive summary

1.1 Purpose and scope of this consultation

The AER invites stakeholder views on our proposal to amend the Network Exemptions Guideline (Network Guideline)¹ and Retail Exempt Selling Guideline (Retail Guideline)² to:

- **Support the AEMC’s flexible trading reforms** – the Australian Energy Market Commission (AEMC) has introduced new rules relating to secondary settlement points and flexible metering. These new rules support an alternative pathway for energy consumers to separate and manage flexible loads, without relying on embedded networks.

The AER is required to review and, where necessary, update relevant guidelines to ensure regulatory clarity and consistency with the new rules by 1 November 2026.³

- **Reduce regulatory burden** – the AER has identified opportunities to streamline our commercial embedded network retrofit requirements, to gain efficiencies and reduce costs, while maintaining consumer protections for embedded network customers.

This consultation focuses on targeted changes to the Network Guideline and Retail Guideline (together, the guidelines). We do not propose to revisit the policy intent of the flexible trading rule change, or the broader exemptions framework objectives, as part of this review.⁴

1.2 Key areas for feedback

Key considerations for stakeholder feedback include our proposals to:

- amend the guidelines to clarify how the new flexible trading framework interacts with the AER’s exemption frameworks
- remove the requirement for exempt sellers to obtain an individual exemption if they plan to on-sell energy to a retrofitted commercial embedded network
- remove the requirement for prospective exempt network service providers to obtain AER approval⁵ to register a network exemption if they plan to operate or control a retrofitted commercial embedded network.

¹ AER, [Network Guideline \(version 7\)](#), 29 August 2025.

² AER, [Retail Guideline \(version 7\)](#), 29 August 2025.

³ National Electricity Rules, [clause 11.173.3](#); National Energy Retail Rules, [rule 11 of Part 19, Schedule 3](#).

⁴ This formed part of the 2025 AER review of the exemptions framework for embedded networks: <https://www.aer.gov.au/industry/registers/resources/reviews/review-aer-exemptions-framework-embedded-networks>

⁵ Applicants granted retrofit approval receive a Notice of Acceptance (NOA) to register their network exemption(s) via the AER Exemptions Portal: <https://portal.aer.gov.au/self-registration-exemption/>

To assist stakeholders, we have included questions, summarised in Table 1.

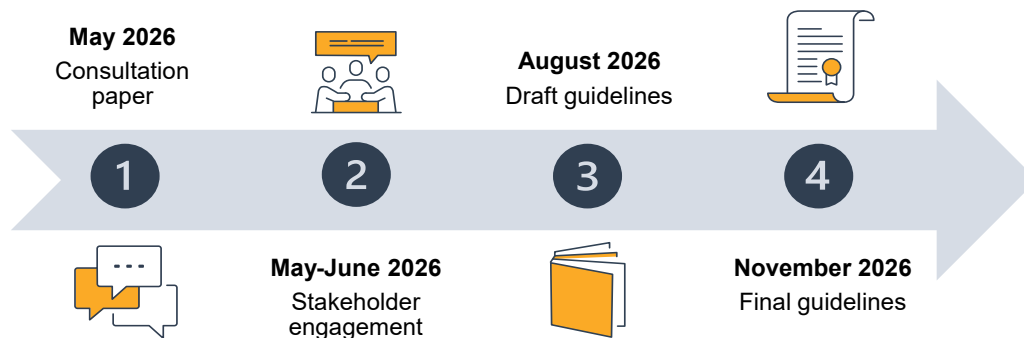
Table 1 – Summary of consultation questions

Question	Section 3.1
Question 1	Are there any aspects to the proposed Network Guideline amendments, to reflect the flexible trading rule changes, that raise concerns for stakeholders? If so, please provide details, including any additional changes required.
Question 2	Do stakeholders agree that non-authorised financially responsible market participants (FRMPs) selling energy at secondary settlement points within the premises of large customers can be adequately captured by the existing registrable retail exemption class R5 (including conditions)? If not, what conditions should apply in these scenarios?
Question 3	Do stakeholders foresee any scenarios where a non-authorised FRMP would engage a small customer via a secondary settlement point arrangement (for example, non-traditional service offerings)? If so, please provide examples.
Question 4	Do stakeholders support the AER's proposal to remove the existing retrofit application requirement and develop a new registrable retail exemption class for commercial retrofits?
Question 5	Do stakeholders consider the conditions the AER proposes to attach to a retrofit exemption class appropriate?
Question 6	Do stakeholders support removing the requirement for prospective exempt network service providers to obtain AER approval for commercial retrofits and replacing it with a self-certification and registration option?
Question 7	Do stakeholders support the AER developing marketing and consent campaign materials with minimum standardised statements to be used by parties under the self-certification and registration option? If yes, what content and consumer information do stakeholders consider should be prioritised for inclusion. If not, please provide reasons why.

1.3 Consultation

The AER intends to review both guidelines in tandem and aims to publish them to align with the commencement of the new flexible trading reforms. This approach will provide opportunities for our stakeholders to engage and make submissions on both guidelines at the same time.

Figure 1 – Consultation process for the guidelines review



Until this review is completed, exempt network service providers and exempt sellers must comply with the current guidelines (versions 7).

1.4 Request for submissions

Interested parties are invited to make submissions to the AER on this consultation paper by close of business on Monday, 15 June 2026. Submissions should be emailed to: AERexemptions@aer.gov.au

Alternatively, you may mail submissions to:

Rebecca Holland
General Manager (a/g) – Compliance, Enforcement and Surveillance
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

1.5 Publishing submissions

The AER prefers that all submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will be treated as public documents unless otherwise requested. All non-confidential submissions will be placed on the AER's website. For further information regarding the AER's use and disclosure of information provided to it, see the [ACCC/AER Information Policy](#) available on the AER's website.

Parties wishing to submit confidential information are requested to:

- clearly identify the information that is the subject of the confidentiality claim
- provide a non-confidential version of the submission in a form suitable for publication.

If you have enquiries about this paper or lodging a submission, or would like to meet with us to discuss issues raised in this paper, please contact the AER Exemptions at AERexemptions@aer.gov.au.

2 Background

2.1 The AER's exemptions framework

The national energy laws underpin the network exemptions and retail exemptions frameworks. These frameworks are administered under different legislation – the National Electricity Law (NEL) and National Electricity Rules (NER), and the National Energy Retail Law (NERL) and National Energy Retail Rules (NERR).

The AER administers both frameworks and regulates who can operate exempt networks and on-sell energy through our guidelines.

In August 2025, the AER concluded a broad review of the exemptions frameworks for embedded networks.⁶ This review focussed on identifying the consumer harms and benefits experienced by embedded network customers and considered policy options for improving the frameworks. The AER released revised guidelines that extended new consumer protections to most exempt customers, including family violence protections and improved pricing visibility.

Network Guideline

The AER may exempt entities from registering with the Australian Energy Market Operator (AEMO) as a network service provider where this would be administratively burdensome and unnecessary. For example, in private networks where supply of energy is limited to a defined site and operates at a relatively small scale. Our Network Guideline sets out the processes for registering and applying for network exemptions. The AER places conditions on exempt network service providers to ensure appropriate consumer protections are in place for their customers. Key network conditions relate to safety, access to retail competition and pricing restrictions.

Retail Guideline

The AER may exempt energy sellers from holding an authorisation in certain situations. These include where the selling of energy is incidental (i.e. not the seller's core business), where the cost of having an authorisation outweighs the benefits to customers, or where an insignificant amount of energy is being sold.

Our Retail Guideline sets out the processes for registering and applying for retail exemptions, including the exemption classes, eligibility criteria, and the conditions the AER may impose. The conditions we impose aim to give exempt seller customers equivalent protections (to the extent possible) to those of standard retail customers. Key retail conditions relate to hardship and life support customer protections, retail pricing restrictions, and transparent dispute resolution processes.

⁶ Review of the AER exemptions framework for embedded networks:
<https://www.aer.gov.au/industry/registers/resources/reviews/review-aer-exemptions-framework-embedded-networks>

Exemption classes

The guidelines each set out 3 categories of exemptions, shown in Table 2 below.

Table 2 – AER exemption classes

Exemption classes	
Deemed	<ul style="list-style-type: none"> • Usually for small arrangements where the costs of registration would outweigh the benefits of increased regulation. For example, short-term accommodation in a caravan park or businesses supplying energy to a related business. • Does not need to be registered and applies automatically to certain entities, who must comply with the conditions of the exemption.
Registrable	<ul style="list-style-type: none"> • Usually for energy supply activities that we consider need greater transparency and regulatory oversight, for example, the sale and supply of energy to permanent residents of an apartment complex. • Requires registration through an online form on our website and is published on our public register of exemptions. • Is granted with minimal assessment by the AER, except where they relate to sites undergoing a conversion (referred to as a 'retrofit'). • Examples of registrable exemption classes include: <ul style="list-style-type: none"> – The supply of metered or unmetered energy to residential customers within the limits of a site, via a network that they own, control or operate (the NR2 registrable network class exemption). – The selling of metered energy to residential customers within the limits of a site that they own, occupy or operate (the R2 registrable retail class exemption).
Individual	<ul style="list-style-type: none"> • Reserved for unusual or unique energy supply or sale arrangements not covered by the class exemptions. These are intended for relatively uncommon arrangements and allow us to tailor the conditions of the exemption to the specific situation. • Required in circumstances where an applicant is unable to meet all the applicable conditions, or where there is no applicable class exemption. • A person must apply to the AER to be granted an individual exemption and we assess each application. Individual exemptions are also recorded on the AER's public register. • For individual <i>network</i> exemptions, applicants must demonstrate the proposed embedded network meets the National Electricity Objective (NEO) requirements.⁷ • For individual <i>retail</i> exemptions, our assessment of applications for exemptions, and the conditions that should be attached to them, are guided by the National Energy Retail Objective (NERO),⁸ and other factors set out in the NERL.⁹ • In practice, we consider all the circumstances of each individual application, and no single principle or factor is a defining consideration in all instances.

⁷ NEL, section 7.

⁸ NERL, section 13.

⁹ Appendix E of the Retail Guideline sets out the factors that guide the AER when deciding to grant or refuse an individual retail exemption.

3 Reflecting flexible trading in the exemptions framework

On 15 August 2024, the AEMC finalised new rules¹⁰ to unlock consumer energy resources (CER) benefits through flexible trading, as part of the Energy Security Board's CER implementation plan.¹¹ The new rules enable customers to engage in flexible trading via secondary settlement points from 1 November 2026, including large customers of a Small Resource Aggregator.¹²

Secondary settlement points are voluntary additional metering points, that allow customers to be charged separately for the different ways in which they use energy at premises. Secondary settlement points will support customers to pay for different components of their electricity usage at variable rates.¹³ The new rules aim to support large customers to unlock value from their CER by supporting a transparent, appropriate, and efficient alternative to embedded networks.

The AEMC's final determination does not require existing large customers using embedded networks to switch to the flexible trading arrangements. However, the AEMC's preference is for new entrants to use flexible trading to set up their Small Resource Aggregator arrangements instead of relying on embedded networks, unless there is another reason to use them (for example, to supply multiple customers).¹⁴

The AEMC has amended the NER to minimise regulatory duplication between the NER and the Network Guideline. Specifically, the AEMC has clarified that a network exemption is not required due to:

- a metering installation being designated as a secondary settlement point, or
- CER at a secondary settlement point being operated or controlled by a third party (for example, whereby a customer gives a financially responsible market participant (FRMP), Small Resource Aggregator or other service provider operational control of their CER behind the meter.

This approach aims to provide certainty for customers and their FRMPs, reduce compliance requirements, and support the intended benefits of the flexible trading reforms.

¹⁰ National Electricity Amendment (Unlocking CER benefits through flexible trading) Rule 2024; National Energy Retail Amendment (Unlocking CER benefits through flexible trading) Rule 2024.

¹¹ DCCEEW, [National Consumer Energy Resources Roadmap](#), August 2025

¹² A Small Resource Aggregator purchases or sells electricity from one or more small resource connection points to the National Electricity Market and is the financially responsible market participant for the electricity provided. See AEMO, [Small Resource Aggregators in the NEM](#), Fact Sheet, 19 July 2024.

¹³ For example, a customer could use a secondary settlement point for charging an electric vehicle and get a cheaper price when charging at off peak times. They could still use their usual electricity plan, at a fixed rate, for everything else in their home or business. This could lower their bills and support better use of the electricity system.

¹⁴ AEMC, [Unlocking CER benefits through flexible trading, Rule determination](#), 15 August 2024, pp. 80-82.

The new rules introduce new concepts in the NER, including ‘secondary settlement point’, ‘single user network’¹⁵ and ‘excluded metering installation’,¹⁶ and amends the definition of ‘distribution system’ to exclude the latter two. The current and new definition of ‘distribution system’ is shown in Table 3 below.

Table 3 – Definition of ‘distribution system’ – current and new definition (from 1 November 2026)

Term	Definition
Distribution system (before 1 November 2026)	Each of the following: <ul style="list-style-type: none"> • a distribution network, together with the connection assets associated with the distribution network, which is connected to another transmission system or distribution system, and • a stand-alone distribution system in a regulated stand-alone power system.
Distribution system (from 1 November 2026)	Each of the following: <ul style="list-style-type: none"> • a distribution network, together with the connection assets associated with the distribution network, which is connected to another transmission system or distribution system, and • a stand-alone distribution system in a regulated stand-alone power system. <p>However, none of the following constitutes a distribution system:</p> <ul style="list-style-type: none"> • an excluded metering installation, and • a single user network.

The new ‘single user network’ definition is intended to allow secondary settlement point arrangements to be put in place without the customer or its FRMP needing a network exemption, if the customer is the only one using the network for their electricity supply. Specific examples from the final determination include:¹⁷

- a small or large customer operating their CER to meet their own demand and selling excess energy to a FRMP under a feed-in tariff

¹⁵ A network (excluding a network owned, operated or controlled by a Network Service Provider) that satisfies all the following criteria: (a) the network is within the limits of a site that a Registered Participant does not own, control or operate; (b) any connection assets associated with the network provide a connection service only within the limits of that site and only to one or more of the following: (1) a person that owns, controls or operates the site (the site owner); (2) a Registered Participant or Metering Provider; (3) a person that supplies services to the site owner to manage the use or production of electricity at the site; or (4) the owner of plant installed at the site that the site owner: (i) operates or controls; or (ii) allows a person mentioned in subparagraph (2) or (3) to operate or control; or (5) a person using plug-in equipment to supply services at the site.

¹⁶ A metering installation, including the metering panels and associated sundry equipment but not incoming sub-mains or outgoing service wiring, that satisfies all the following criteria: (a) the metering installation is not owned, operated or controlled by a Network Service Provider; and (b) a Metering Coordinator has been appointed for the metering installation under Chapter 7.

¹⁷ AEMC, [Unlocking CER benefits through flexible trading, Rule determination](#), 15 August 2024, p. 80.

- a small or large customer giving operational control of their CER to a FRMP or energy management service provider, so the customer can optimise the value of their CER (for example, by participating in a Virtual Power Plant)
- a large customer engaging a Small Resource Aggregator for its CER via a secondary settlement point.

A network that facilitates additional supply activities, or connects to multiple sites, would not be considered a ‘single user network’. This includes arrangements where there is only one customer across the multiple sites.¹⁸ In these situations, the Network Guideline requirements still apply.

3.1 Network Guideline proposed changes

The new flexible trading rules will likely create some inconsistencies between the NER and Network Guideline. For example, Version 7 of the Network Guideline does not reflect the revised NER definition of ‘distribution system’.

The AER proposes to update the Network Guideline to include the new definition. This will ensure that secondary settlement point arrangements, including customers of a Small Resource Aggregator using a secondary settlement point, will not inadvertently require a network exemption (they will effectively be excluded from the exemptions framework).

As network exemptions are accompanied by conditions, we aim to avoid duplicating regulatory requirements or imposing regulation on secondary settlement point arrangements via the Network Guideline, where none is required.

We propose to clarify that a network exemption is not required:

- just because a metering installation is established as a secondary settlement point
- where a third party (such as a FRMP or Small Resource Aggregator) has operational control of customer-owned CER behind a secondary settlement point
- existing exempt network service providers remain responsible for meeting exemption conditions, even if the relevant customers establish secondary settlement points.

Appendix A sets out specific scenarios from the AEMC’s final determination as to how the current Network Guideline would impact secondary settlement point arrangements if it was not amended.

Finally, we propose to include guidance on transitional scenarios (including the case study examples presented in Case Studies 1 and 2 below) that demonstrate when a single customer supply arrangement ceases to qualify as a single user network.

¹⁸ AEMC, [Unlocking CER benefits through flexible trading, Rule determination](#), 15 August 2024, p. 81.

Case Study 1 – CER within a single user network

A large commercial warehouse installs a solar PV and battery system to reduce its grid consumption and participate in a Virtual Power Plant operated by a Small Resource Aggregator. The warehouse uses internal wiring solely to supply its own load along with the CER installation, with no other customers connected to the network. The Small Resource Aggregator acts as the FRMP at a secondary settlement point associated with the CER.

This arrangement is considered a 'single user network' and the CER metering installation is an 'excluded metering installation', so no network exemption is required.

Case Study 2 – Embedded network with secondary settlement points

A shopping centre owner supplies multiple tenants via an embedded network under existing registered network exemptions. Several large customers within the site aim to optimise their CER and engage different FRMPs for different services. They establish secondary settlement points for their controllable loads while remaining connected to the centre's embedded network for other usage.

Under the proposed approach, the shopping centre owner would remain subject to the Network Guideline and existing exemption conditions. Secondary settlement points are established for the large customers' CER, but the addition of secondary settlement points does not change the centre owner's exemption requirements.

Question 1 Are there any aspects to the proposed Network Guideline amendments, to reflect the flexible trading rule changes, that raise concerns for stakeholders? If so, please provide details, including any additional changes required.

3.2 Retail Guideline proposed changes

Large customer protections and secondary settlement points

The amended NERR provides that the AER may exempt non-authorized FRMPs of secondary settlement points who are servicing large customers. This is intended to promote innovation and reduce regulatory burden, by facilitating new energy services to large customers via secondary settlement points.¹⁹

The AER is required to review the Retail Guideline to consider whether a new registrable exemption class should be created for such FRMPs.

Section 88(1) of the NERL sets out that a person must not sell energy to a person for premises unless they hold an AER retailer authorisation or exemption. We consider that non-authorized FRMPs engaged in selling energy at secondary settlement points within the premises of large customers (including as part of a bundled service) would require a retail exemption or authorisation to comply with this requirement.

However, the AER is of the view that a new registrable exemption class does not need to be created for such FRMPs. We consider non-authorized FRMPs, on-selling energy to large

¹⁹ [National Energy Retail Amendment \(Unlocking CER benefits through flexible trading\) Rule 2024](#), rule 151(1A).

customers via a secondary settlement point, could rely on the Retail Guideline's existing registrable exemption class R5 (Persons selling metered energy to large customers),²⁰ and would be subject to all applicable conditions of that class. This ensures that large customers could be supplied at secondary settlement points by non-authorized retailers, lowering administrative costs while still providing consumer protections appropriate to their needs.

Question 2 Do stakeholders agree that non-authorized FRMPs selling energy at secondary settlement points within the premises of large customers can be adequately captured by the existing registrable retail exemption class R5 (including conditions)? If not, what conditions should apply in these scenarios?

Small customer protections and secondary settlement points

For small customers, the amended NER sets out that only one entity can be the FRMP for the primary connection point and any secondary settlement points within the premises.²¹ In addition, the amended NERR clarifies that existing NERR consumer protections apply to secondary settlement point arrangements.²²

We understand that small customer secondary settlement point arrangements (including as part of a bundled service) will be supplied by an authorized retailer as part of their overall contract, and therefore NERR protections will directly apply. Our view is that the Retail Guideline would not apply to such arrangements, given that a retailer (rather than an exempt seller) must be the FRMP for the small customer's primary connection point and any secondary settlement points.

Question 3 Do stakeholders foresee any scenarios where a non-authorized FRMP would engage a small customer via a secondary settlement point arrangement (for example, non-traditional service offerings)? If so, please provide examples.

²⁰ Retail Guideline, Table 2, p. 30.

²¹ [National Electricity Amendment \(Unlocking CER benefits through flexible trading\) Rule 2024](#), clause 2.3.4(b2).

²² [National Energy Retail Amendment \(Unlocking CER benefits through flexible trading\) Rule 2024](#), rule 11A.

4 Reducing regulatory burden for commercial embedded network retrofits

Commercial embedded network retrofits engage both the retail and network exemptions frameworks, with proponents currently required to navigate approval and registration processes under each guideline. These processes are closely linked in practice and often progressed concurrently for the same site. The retail exemptions framework addresses consumer protections relating to the on-selling of energy to tenants, while the network exemptions framework focuses on the operation and control of the private network infrastructure and associated eligibility requirements.

Currently, where a prospective exempt network service provider proposes to convert a site into an embedded network (a 'retrofit'), it must obtain AER approval (via an application process). Once approval is granted, it can register the relevant network exemption class(es) to supply energy to customers at that site.

In addition to seeking retrofit approval under the Network Guideline, proposed exempt sellers of commercial sites in NSW, ACT, SA and QLD, and where less than 100% of tenants have consented to the retrofit, must apply for an individual retail exemption under the Retail Guideline.

As part of these processes, applicants must demonstrate they have satisfied the eligibility criteria set out in the Network Guideline, and the Retail Guideline's individual exemption application checklist.²³ This includes submitting copies of marketing campaign materials that inform tenants of:

- the practical implications (including metering changes and impacts on retail choice)
- the potential advantages and disadvantages of becoming an embedded network customer
- the fact that customers retain the right to contract with a retailer of their choice, subject to jurisdictional limitations.

Retrofit applicants must further provide evidence to the AER that they have obtained explicit informed consent from at least 85% of tenants at the site. This is achieved through signed consent forms, which we review for accuracy.

The AER has experienced a significant increase in individual exemption applications for commercial embedded network retrofits, particularly in shopping centres and industrial precincts. The requirements of the application process are resource-intensive for both applicants and the AER and may contribute to increased compliance costs and delays to the delivery of renewable energy and pricing benefits to customers.

²³ AER, [AER individual exemption application checklist](#) – July 2022.

In line with the Australian Government’s regulatory reform priority to improve regulation and reduce unnecessary compliance burdens,²⁴ we have identified an opportunity to streamline our regulatory requirements for those exempt sellers proposing to retrofit commercial sites into an embedded network.

Historically, requiring retrofit applicants to apply for an individual exemption has allowed for conditions to be placed on the seller to address potential customer detriment arising from the loss of retailer contestability. However, our experience indicates that detailed assessment of applications, public consultation and a multi-layered approval pathway can result in a disproportionately heavy administrative burden when weighed against the risk of consumer harm. During the public consultation process, we usually receive no stakeholder submissions for retrofit applications. Further, commercial embedded network retrofits, especially in shopping centres and similar industrial precincts, consistently meet high informed-consent thresholds. These sites also generally present lower consumer protection risks.

As a result, the AER is considering removing the application requirement for commercial retrofits. In doing so, we have examined both network and retail exemption frameworks together.

4.1 Proposed changes

New retail exemption class for commercial retrofits

As part of the AER’s broader productivity initiatives,²⁵ we are proposing to introduce a new registrable retail exemption class in the Retail Guideline for exempt sellers who propose to on-sell energy to tenants in retrofitted commercial embedded networks (retrofit exemption class).

Introducing this class would remove the need for both an individual retail exemption application (where the activity class and conditions of the new ‘commercial retrofit’ exemption class are met) and for mandatory public consultation, while ensuring appropriate standardised consumer protections are maintained. This would reduce regulatory burden and end-to-end processing time for exempt sellers and free AER resources to focus on higher-risk and complex regulatory matters.

To date, the individual exemption conditions we have imposed on exempt sellers at retrofitted sites have aligned with those of comparable class exemptions (such as R1 and R5), with additional requirements specific to retrofits:

- fulfilling requests from non-consenting tenants to match an electricity offer that would be available to them if they were not in the embedded network
- rectifying duplicated network charges for tenants with energy-only contracts with an authorised retailer.

²⁴ Department of Finance, [Regulatory reform to reduce red tape and ease burden on businesses](#), 5 September 2025.

²⁵ AER, [Letter from Clare Savage \(AER Chair\) to The Hon Jim Chalmers MP \(Treasurer\) outlining regulatory reform opportunities](#), 1 August 2025.

We propose to attach the above conditions to the new retrofit exemption class. We envisage the new retrofit exemption class would be registered in conjunction with a relevant existing retail class exemption(s) (such as R1 and R5).

These changes would not apply to residential retrofits, where risks and consumer protections differ. Further, we do not propose to remove the eligibility requirements (including the requirements to conduct a marketing campaign, obtain explicit informed consent and take steps to mitigate tenants' concerns). Marketing campaigns will remain mandatory, as will ensuring a minimum of 85% consent has been obtained. The main difference is that the AER will no longer assess applications as a standard process before a network exemption is registered for a retrofitted commercial site.

We consider that moving commercial retrofits from individual exemptions to a newly created registrable class exemption will not lessen customer protections, as individual exemption conditions are generally based on those of comparable class exemptions.

Question 4 Do stakeholders support the AER's proposal to remove the existing retrofit application requirement and develop a new registrable retail exemption class for commercial retrofits?

Question 5 Do stakeholders consider the conditions the AER proposes to attach to a retrofit exemption class appropriate?

New retrofit network exemption registration process

Alongside the proposed retail exemption changes, the AER has further identified an opportunity within the network exemptions framework to reduce red tape for prospective exempt network service providers.

We propose to remove the Network Guideline requirement for prospective exempt network service providers to obtain AER approval each time they wish to retrofit commercial sites into embedded networks. We would instead require these entities to self-certify, as part of the exemption registration process, that they have met the retrofit eligibility criteria and that they have included the standardised statements in a new AER template in their marketing campaign materials.

Our current guidelines set out the eligibility criteria for retrofits, with a focus on ensuring customers understand the embedded network arrangement. However, there is currently no prescriptive information available that must be provided by prospective exempt network service providers as part of the marketing campaign. In particular, the Network Guideline does not specify a standard format or minimum content for customer-facing marketing materials. There are currently no mandatory templates for information notices or consent documentation. Our guidelines direct applicants to design site-specific marketing and consent campaigns that meet the high-level requirements, and the AER assesses these on a case-by-case basis.

We intend to develop a marketing and consent campaign template for embedded network retrofits that includes minimum standardised statements, covering key customer protections and disclosures. We intend to amend the Network Guideline to require these approved

materials be incorporated into the marketing and consent materials as part of any eligible self-certification process.

This would ensure a consistent baseline level of clear, plain-English information is provided to affected tenants as part of the marketing and consent campaign for commercial embedded network retrofits.

We propose that the marketing and consent campaign material template will sit outside the Network Guideline. However, we propose to amend the Network Guideline to include a requirement that prospective exempt network service providers must use the standardised statements in the template (as in force from time to time). Parties seeking a network exemption to retrofit a commercial embedded network would need to declare that:

- the prescribed standardised statements were included in the marketing and consent campaign provided to tenants
- tenant consent was obtained based on those materials.

In developing this proposal, we considered previous AER templates that require exempt sellers to include AER-standardised, plain-English statements. These templates aim to ensure customers understand their key protections, while allowing exempt sellers to add additional information, provided it does not dilute or contradict the key information.

This approach aims to reduce regulatory demands and accelerate upgrades of commercial embedded networks, while ensuring that affected tenants receive a consistent baseline level of clear and accurate information.

The AER intends to publish draft marketing and consent campaign template materials for feedback as part of the consultation process on the draft guidelines.

Eligibility for this new class would be limited to wholly commercial sites where all tenants to be supplied by the proposed embedded network are non-residential customers. This new class would not extend to mixed use sites that include residential customers or a mix of both commercial and residential customers.

Where a site contains residential customers, or a mix of residential and commercial customers, the existing requirements under the Network Guideline would continue to apply. This includes the requirement for proposed exempt network service providers to obtain AER approval before retrofitting the site as an embedded network, consistent with the higher consumer risk profile and protections applicable to residential customers.

We think this distinction is appropriate given that residential customers generally have lower bargaining power and require stronger upfront regulatory safeguards, whereas commercial tenants are typically better placed to assess, negotiate and provide informed consent to changes in energy supply arrangements.

The following case study illustrates how the proposed changes would work for commercial tenants.

Case study 3 – Commercial shopping centre retrofit

A shopping centre owner wants to convert their site into an embedded network so they can install solar panels and batteries and on-sell energy to tenants.

Under the current Retail Guideline, they must apply for an individual retail exemption as well as obtain an AER Notice of Acceptance to retrofit the site and register a network exemption.

Under the proposed changes, the shopping centre owner would:

- conduct a marketing and consent campaign using AER-developed materials (with minimum standardised statements) as required under the revised Network Guideline
- self-certify, via the portal, that the marketing and consent campaign was conducted in accordance with the Network Guideline requirements and that the required minimum 85% consent threshold has been met
- register a network exemption and retail exemption via the AER's exemptions registration portal.

Once this process has been completed, the exemption will be published on the AER's public register of exemptions.

Question 6 Do stakeholders support removing the requirement for prospective exempt network service providers to obtain AER approval for commercial retrofits and replacing it with a self-certification and registration option?

Question 7 Do stakeholders support the AER developing marketing and consent campaign materials with minimum standardised statements to be used by parties under the self-certification and registration option? If yes, what content and consumer information do stakeholders consider should be prioritised for inclusion. If not, please provide reasons why.

Glossary

Term	Definition
Consumer energy resources	Consumer energy resources are distributed energy resources that are owned or leased by residential and small-business consumers (or groups of consumers) that: generate or store electricity, or can alter demand in response to external signals, and includes consumer loads that are flexible and efficiently optimised either through automation or direct behavioural response.
Energy service provider	A person who provides services related to energy but does not necessarily participate directly in the wholesale market (like a market participant). For example, a solar PV installer, battery provider, Virtual Power Plant operator, embedded network operator.
Financially responsible market participant (FRMP)	A person registered with AEMO in the National Electricity Market (NEM) responsible for financial settlement of electricity at a connection point. Key categories include Market Customers (retailers and large energy users), Market Generators, Market Small Generation Aggregators, Market Ancillary Service Providers, and Market Network Service Providers.
Flexible trading	A market arrangement enables the separation of controllable energy resources from other electricity use at a customer's premises so that those resources can be managed or traded by different energy service providers while the customer remains on their existing retail plan.
Integrated Resource Provider (IRP)	A person who is registered by AEMO as an Integrated Resource Provider under Chapter 2 of the NER.
Market participant	A person who is who is registered by AEMO under Chapter 2 of the NER as a: Market Generator; Integrated Resource Provider (other than a Non-Market Integrated Resource Provider); Market Customer; Demand Response Service Provider; Market SAPS Resource Provider; or Market Network Service Provider.
Small Resource Aggregator (SRA)	An Integrated Resource Provider (IRP) who has classified a small resource connection point as one of its market connection points.
Large Customer	A business customer who consumes energy at business premises at or above the upper consumption threshold – 100 megawatt hours per annum for electricity (under the National Energy Retail Regulations) – unless otherwise specified in the regulations in force in the relevant jurisdiction.
Retrofit	Conversion of an existing network distribution system into an embedded network.

Appendix A – Current Network Guideline application to different secondary settlement point scenarios

Scenario	Current Network Guideline application
Small Resource Aggregators (SRAs)	<p>SRAs currently set up embedded networks within a customer’s site by establishing a child connection point for their consumer energy resources (CER) – a small generating unit or small bidirectional unit – and classifying the connection point as a market connection point for which the SRA is the financially responsible market participant (FRMP). Registrable network exemption class NRO2²⁶ would apply in this case.</p> <p>The final rules allow SRAs to establish a secondary settlement point for their customer’s CER and classify the secondary settlement point as its market connection point. However, currently, the customer (as owner, operator or controller of the network within its site) requires an exemption due to the SRA having operation or control of the CER. This results in the customer providing distribution services to the SRA.</p>
Metering installations including EV charges	<p>The final rules allow a secondary settlement point to be created by designating a metering installation within premises as a secondary settlement point. As a metering installation, even if owned by the customer, the secondary settlement point would fall under the Network Guideline requirements to obtain an exemption because the financially responsible market participant (FRMP) may gain operational control and the Metering Coordinator will need to arrange services with respect to the metering installation. Each owner (which may be the customer), operator or controller of the metering installation would be subject to the Network Guideline. Deemed network exemption class ND4²⁷ would apply in this case.</p>
Solar PV and battery in a small customer’s premises participating in a Virtual Power Plant	<p>The Network Guideline extends to AEMO exempt generating systems or integrated resource systems owned, operated or controlled by a third-party. Because the involvement of a third party triggers application of the Network Guideline, the designation of the metering installation for consumer energy resources (CER) within a customer’s site as a secondary settlement point would bring additional premises within the scope of the exemption. Deemed network exemption class NDO1²⁸ or</p>

²⁶ AEMO registered generating systems or integrated resource systems owned, controlled or operated by a third party and connected to the national grid via an exempt network’s connection point. Extends to eligible customers providing wholesale demand response or ancillary market services. Note: This includes production units and/or plant consuming electricity that are (or are required to be) classified by a Market Participant under Chapter 2 of the NER. See AER, [Network Guideline \(version 7\)](#), 29 August 2025, p. 38.

²⁷ Metering installations (includes metering panels and associated sundry equipment but not including incoming submains or outgoing service wiring). See AER, [Network Guideline \(version 7\)](#), 29 August 2025, p. 30.

²⁸ AEMO exempt generating systems or integrated resource systems (including inverter based resources) owned, controlled or operated by a third party and connected to the national grid via an exempt network’s connection point. Extends to equipment used solely to provide emergency electricity supply, or to provide renewable electricity supply. Note: This excludes production units and/or plant consuming electricity contracted to supply network support or demand management services to a Registered Participant. See AER, [Network Guideline \(version 7\)](#), 29 August 2025, p. 32.

Scenario	Current Network Guideline application
	registrable network exemption NRO1 ²⁹ would apply, depending on the services being provided.
CER providing network support or demand management services to the NEM	Where a customer's consumer energy resource (CER) is owned, operated or controlled by a third party, either a deemed (NDO1) or registrable (NRO1) exemption class will apply, depending on whether the CER supplies network support or demand management services to the NEM. In many cases, the purpose of establishing a metering installation as a secondary settlement point will be for the financially responsible market participant (FRMP) using the customer's CER to provide services to the NEM. This would mean that the exemption class that applies to the customer by reason of its CER being controlled by a third party could move from deemed class NDO1 to registrable class NRO1, increasing the regulatory burden.

²⁹ AEMO exempt generating systems or integrated resource systems owned, controlled or operated by a third party and connected to the national grid via an exempt network's connection point. Note: This includes production units and/or plant consuming electricity that are contracted to supply network support or demand management services to AEMO or a Registered Participant. However, excludes small generating units classified as market generating units by a Small Resource Aggregator. See AER, [Network Guideline \(version 7\)](#), 29 August 2025, p. 37.