ENM Solutions Submission

Australian Energy Regulator
Exemption Guidelines Review

June 2026

Australian Energy Regulator Exemptions Guideline Review

Earlier this year, the Australian Energy Regulator released a review of the Network and Retail Exemption Guidelines, specifically focused on their interaction with the AEMC's Flexible Trading Arrangements rule change.

Primarily, this review outlined the AER's intention to amend these guidelines to allow for clarity in application of Secondary Settlement points that reflect flexible trading arrangements and allow for less regulatory burden when retrofitting commercial embedded networks.

ENM Solutions has facilitated many Small Resource Aggregators (SRAs) to utilise the Embedded Network Framework prior the upcoming availability of the Secondary Settlement Point arrangements. Many of the proposed changes to the Exemption Framework detailed in this review by the AER are well designed and will provide much needed clarity through a period of transition as energy solution providers look to maximise the Flexible Trading Arrangements (FTA). While we believe there are aspects that can be expanded on to provide stronger guidance, the proposed changes in relation to Secondary Settlement Points reflected in the Network Exemption Guideline will be welcomed.

Alongside the expansion of energy solutions for embedded networks, we are also supportive of a more streamlined approach to the conversion of commercial embedded networks. With a strong body of data behind it to inform a new exemption class with expanded conditions, we believe these changes will facilitate an increase in renewable energy solutions for commercial sites and customers. However, there are opportunities for structured reinforcement of the self-compliance and auditing that the AER can consider to support this new approach. This includes mandatory provision of evidenced consent, marketing campaigns and the provision of specific AER written fact sheets and information in a plain-English and easy to understand format.

ENM Solutions' responses to the individual questions are provided below.

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.

Currently the proposed changes reference 'a secondary settlement point', with the only example for multiple settlement points sitting under case study two, in that of an embedded network. Reference is also made to a network facilitating additional supply activities, or connecting multiple sites, as falling outside the definition of a single user network which would trigger the requirements of the Network Exemption Guideline. While we understand these may explanatory, we would encourage that for any final amendments, the position of the AER and its interpretation is made clear. Specifically, whether an Exemption is considered to apply for a single customer network with multiple secondary settlement points or how the "connecting multiple sites" is being interpreted. Additional transitional scenarios that more clearly outline variations of the same possible site may also assist in this process.

The FTA arrangements allow for aggregation of multiple small customer sites to allow classification as a 'large customer' for the purposes of Secondary Settlement classification. Currently, we would read these as both situations that potentially sit outside the Exemption framework as the networks would not be physically connecting multiple sites and the definition of a single use network would still be met. Scenario two within section 3.1 also cites an existing embedded network with secondary settlement points added. Previously, if the services being provided were classified under an NRO1 or NRO2 exemption class, it appears that this does not need to be added to the existing exemption under the current amendments for visibility of such activities occurring at the embedded network. These now sit outside a requirement for exemption, which presumably is why it will not require updating.

Question 2: Do stakeholders agree that non-authorised 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?

ENM Solutions is supportive of the use of an R5 activity class where the activity occurring at the secondary settlement point is best reflective of selling of energy to a large customer, as opposed to another more suited activity class. Noting that previously, NRO2 and NRO1 categories have been applied for a variety of Small Resource Aggregation scenarios. Including further transitional scenarios may be helpful to participants in understanding when they can apply an R5 exemption against their use case, compared to other more appropriate exemption classes. We also note that the R5 activity class retains conditions 1 and 11, both which have reference to conditions 8 and 9, which are not applicable to that activity class.

Potentially, the requirement for an R5 Retail Exemption may result in a scenario where only a Retail Exemption exists for a site and no Network Exemption, with none required for a single user network. Consideration may then be required for the interplay of the conditions of an R5 Retail exemption and any supporting aspects of the Network Exemption guideline for an NR5 that would not be present.

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.

Under similar arrangements to current exempt on-selling of energy, it would seem inevitable that there is potential value for a non-authorised FRMP to sell energy to a small customer, alongside new energy products via Secondary Settlement Points. While the retail rules appear to define the application of registrable exemptions for secondary settlement point customers, we consider that there is potential benefit in Embedded Networks for customers to draw benefit from their exempt energy providers under such an arrangement. Outside of the Retail Rules, currently a barrier for small customers in an embedded system would be that the FRMP at the 'Premises Connection Point (PSP)' is not likely to be a non-authorised FRMP of the small customer. This would be the EENSP in an off-market customer scenario. The market process for establishment of an SSP NMI for a small customer requires that the Premises FRMP and the SSP FRMP are the same.

There are recent examples of more innovative exempt selling within established major residential developments where such arrangements could be quite naturally aligned to provide value to these customers. Similar applications to those tabled for existing small customers are applicable to those who may be sold energy via a non-authorised FRMP within an Embedded scenario.

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?

ENM Solutions supports the removal of the retrofit application requirements and introduction of a new exemption class; we believe that this is likely to accelerate the provision of networks aligned to innovative renewable energy strategies. Many projects either change direction, look at alternatives or move towards a more conservative approach when faced with the uncertainty and duration of the retrofit application process.

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

ENM Solutions considers that applying additional conditions to retrofit exemption classes an appropriate step in removing the application process. This could include a requirement to attach evidence of consenting offers/approval/marketing campaigns as uploads to the existing registrable exemption at the time of submission, encouraging strong compliance to these previously assessed requirements. However, we would encourage further definition of the additional conditions for avoidance of doubt. Aspects such as rectifying the duplication of network charges should be further described in context to a retrofit, and potential responsibility defined.

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?

Self-certification at submission with the inclusion of required documentation that can be submitted at the time of completing the Exemption would seem an appropriate compromise from the previous need to apply for approval first. This allows compiled documents that are required as part of the process, such as Single Line Diagrams, site maps consent campaigns to be uploaded, allowing for easy audit should the AER wish to review or assess following receipt of a complaint.

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.

Akin to previous examples where the AER has introduced mandatory use of templates/documents, we would support the inclusion of specific standardised documents, as opposed to required information. With the removal of the retrofit application process and more opportunities for renewable and energy solutions in Embedded Networks becoming available, it is likely there will be an increase in these offerings. Competition for reaching approval rates, and quickly, could become incentivised. Requiring only specific information to be included provide an opportunity for information to be manipulated in the process and manner of how it is provided. Requiring the use of mandatory AER documents prevents that and ensures clear communication of required content to customers, in an appropriate format. Although commercial customers are deemed to be in a better position of negotiation and management than residential, there are often still many struggling small businesses in commercial embedded networks that should be protected.