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AER reference: 31,457,396

15 June 2026

Review of the AER Exemption Guidelines (May 2026)
Energy Intelligence Submission

Introduction

Energy Intelligence welcomes the opportunity to provide feedback on the Australian Energy Regulator's Review of the Exemption Guidelines Consultation Paper.

Energy Intelligence is an accredited Embedded Network Manager (ENM) and energy services provider operating across all National Electricity Market jurisdictions and Western Australia. We support a broad range of embedded network operators, property owners and customers across commercial, retail, industrial and mixed-use developments.

Energy Intelligence supports the AER's objective of modernising the exemption framework, improving regulatory clarity and reducing unnecessary administrative burden while maintaining appropriate customer protections.

We are particularly supportive of the proposed reforms relating to retrofit embedded networks, including the removal of the individual application requirement, the introduction of a registrable exemption class and the development of standardised customer communications and consent materials.

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.

Energy Intelligence generally supports the proposed amendments and does not consider them to raise significant concerns.

The proposed amendments provide useful clarification that flexible trading arrangements and secondary settlement points do not, in themselves, create a requirement for a network exemption. This approach is consistent with the intent of the flexible trading framework and assists in reducing regulatory uncertainty.

While we do not consider further amendments are required at this stage, we consider additional guidance would be beneficial where secondary settlement point arrangements coexist with embedded networks.

This includes both:

- existing embedded networks that subsequently introduce secondary settlement point arrangements;
- legacy embedded networks where secondary settlement points are already operating as on-market arrangements; and
- new developments where embedded network and secondary settlement point arrangements are contemplated as part of the initial design.

In these scenarios, additional guidance regarding the interaction between embedded network obligations and secondary settlement point arrangements would assist market participants in understanding the applicable regulatory framework and operational responsibilities.

Energy Intelligence does not consider these matters require amendment to the proposed Network Guideline changes, however further practical guidance from the AER would support consistent implementation across the market.

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?

Energy Intelligence agrees that the existing R5 registrable retail exemption class is generally capable of capturing non-authorised FRMPs selling energy at secondary settlement points within the premises of large customers.

The existing framework provides a well-understood regulatory pathway and avoids the need to establish an additional exemption category where the underlying customer protections and customer characteristics are substantially similar.

We do not consider additional conditions are required at this time.

Should new business models emerge that materially differ from those currently contemplated, the appropriateness of the exemption framework can be reconsidered through future reviews. However, based on the arrangements currently described in the consultation paper, the existing R5 framework appears appropriate.

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.

Energy Intelligence is not currently aware of any widespread examples where a non-authorised FRMP is engaging directly with small customers through secondary settlement point arrangements.

However, future energy service models involving customer participation in distributed energy resources, battery storage, electric vehicle charging and local energy trading may create circumstances where non-authorised FRMPs engage with small customers through secondary settlement point arrangements.

At present, these models appear to be emerging rather than established market practices. Accordingly, Energy Intelligence does not consider additional exemption classes or regulatory arrangements are required at this stage.

We recommend the AER continue to monitor the development of these models and consider whether additional customer protections are required if small customer participation becomes more prevalent.

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?

Energy Intelligence strongly supports the AER's proposal.

The current requirement to obtain individual exemption approval for commercial retrofit projects introduces unnecessary administrative burden and project delays despite the fact that many retrofit projects share substantially similar characteristics and customer protections.

The proposed registrable exemption class recognises the maturity of the embedded network sector and appropriately shifts the focus from individual project assessment to compliance with clearly defined eligibility criteria and conditions.

Energy Intelligence's experience is that modern retrofit projects increasingly form part of broader building sustainability and energy transition initiatives. Many projects involve significant investment in distributed energy resources, including rooftop solar, battery storage, EV charging infrastructure and energy management systems.

These projects are commonly driven by corporate sustainability commitments, emissions reduction targets, building performance objectives and tenant demand for access to lower-cost and lower-emissions energy solutions.

Energy Intelligence also observes that retrofit arrangements are increasingly supported by specialised third-party financing and delivery partners who work in long-term commercial arrangements with building owners to design, fund, and operate on-site energy infrastructure. These arrangements are typically structured to support the delivery of building sustainability outcomes without changing the fundamental role of the building owner as the primary contractual counterparty to tenants and responsible party within the embedded network framework.

In most cases, the exempt entity is the building owner, who bears the residual operational responsibility for the site and retains the tenant-facing contractual relationship under the lease. This existing landlord–tenant relationship provides an additional layer of accountability in practice alongside energy-specific regulatory protections.

Customer consent requirements and embedded network customer protections therefore operate within a broader framework of established contractual and occupancy arrangements, ensuring tenant interests remain considered in retrofit decisions.

Energy Intelligence considers that reducing unnecessary approval delays through a registrable exemption framework will support investment and innovation while maintaining appropriate customer protections.

The proposed approach will improve regulatory efficiency, reduce implementation timeframes and provide greater certainty for building owners, customers and service providers.

Importantly, the proposal maintains appropriate regulatory oversight through registration, compliance obligations and enforcement mechanisms while removing unnecessary duplication.

Question 5

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

Energy Intelligence generally supports the proposed conditions.

In our view, the success of the proposed registrable retrofit exemption class will depend on maintaining the key customer protections that have historically been applied through individual exemption approvals.

Customers should continue to receive clear information regarding the proposed retrofit, the impacts of the arrangement, their rights and the protections available to them.

We consider it important that the final framework continues to address matters including:

- informed customer consent;
- transparent pricing arrangements;
- appropriate billing and metering requirements;
- processes for managing billing errors and double billing events;
- access to complaints and dispute resolution processes;
- protections against unmetered energy supply arrangements; and
- mechanisms that allow embedded network arrangements to be removed or reversed where required.

Maintaining these protections will ensure that the transition from individual approvals to a registrable exemption class does not diminish customer outcomes.

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?

Energy Intelligence strongly supports this proposal.

The existing approval process requires significant resources from both applicants and the AER despite many applications addressing substantially similar matters and customer protections.

A self-certification and registration framework will allow the AER to focus regulatory effort on compliance monitoring, auditing and enforcement rather than assessing routine applications.

Provided clear eligibility requirements and registration obligations are established, the proposed framework should achieve equivalent customer protection outcomes while significantly improving regulatory efficiency.

The proposed approach will also provide greater certainty regarding project delivery timeframes and reduce unnecessary costs for building owners and customers.

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.

Energy Intelligence strongly supports the development of standardised marketing and consent campaign materials.

Historically, significant variation has existed across the market regarding customer communications, disclosure documents, consent forms and marketing materials. This variation can create customer uncertainty and may lead to inconsistent understanding of customer rights and protections.

The introduction of minimum standardised statements will improve consistency, transparency and customer understanding while supporting compliance across the industry.

We consider the following information should be prioritised for inclusion:

- an explanation of what an embedded network is;
- why the retrofit is being undertaken;
- what changes for customers and what remains unchanged;
- pricing arrangements and applicable customer protections;
- customer rights and obligations;
- metering arrangements;
- dispute resolution pathways;
- financial hardship support arrangements where applicable;
- treatment of existing retailer arrangements and contracts;
- any available rights to access retail market competition; and

- contact information for relevant parties.

The standardised materials should establish minimum requirements while still allowing sufficient flexibility for site-specific information to be provided where necessary.

Energy Intelligence considers this proposal has the potential to significantly improve customer outcomes and consistency across the embedded network sector.

Conclusion

Energy Intelligence supports the AER's proposed reforms.

In particular, we strongly support the creation of a registrable retrofit exemption class, the adoption of a self-certification and registration framework and the development of standardised customer communications and consent materials.

These reforms appropriately reduce administrative burden while maintaining customer protections and will support more efficient implementation of embedded network retrofit projects across Australia.

We thank the AER for the opportunity to provide feedback and would welcome further engagement as the review progresses.

Yours sincerely,

Mardi Trezise
Managing Director

Mussan Larnach
Compliance Manager

ABOUT **ENERGY INTELLIGENCE**

Energy Intelligence is a prominent energy consultancy specialising in advisory services within the embedded sector. Our focus lies in delivering tailored embedded network solutions for clients who own diverse sites incorporating both traditional and renewable energy sources across multiple states. We uphold rigorous compliance standards that exceed jurisdictional requirements, reflecting our dedication to best practices. This commitment is evident in the exemplary management of the embedded networks under our care.

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