Australian Government

AUSTRALIAN ENERGY REGULATOR

Exemption guidelines review

Notice of final decision – Retail exempt selling guideline and Network exemptions guideline (versions 8)

November 2026

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1 Introduction

1.1 Background

In May 2026, the AER commenced a review of its Network exemptions guideline (Network Guideline) and its Retail exempt selling guideline (Retail Guideline) to:

- support the Australian Energy Market Commission's (AEMC) flexible trading reforms relating to secondary settlement points and flexible metering, which support energy consumers to separate and manage flexible loads without relying on embedded networks[1]
- reduce unnecessary regulatory burden by streamlining the commercial embedded network retrofit requirements for exempt sellers in the Retail Guideline,[2] to gain efficiencies and reduce costs while maintaining consumer protections for embedded network customers.

We received 11 submissions[3] to an initial consultation paper.[4] The submissions informed our draft guidelines,[5] and prompted us to broaden the scope of our review to:

- clarify the responsibilities of exempt network service providers to protect metering data and secure metering installations, in response to concerns raised by the Essential Services Commission of South Australia (ESCOSA)
- clarify the eligibility requirements for exempt network service providers with embedded production units, in response to concerns raised by the Australian Energy Market Operator (AEMO)
- address changes to the National Energy Retail Law (NSW) that impact sellers of hot water and centralised air-conditioning within NSW embedded networks from 1 July 2026.

On 18 August 2026 we published a notice of draft decision, draft guidelines, retrofit-specific consumer fact sheets and an explicit informed consent form template for public consultation. We received 6 stakeholder submissions from:

- Caravan, Camping & Touring Industry & Manufactured Housing Industry Association of NSW (CCIA)
- Caravan Parks Association of Queensland Ltd (CPAQ)
- Dr Rowena Cantley-Smith and Dr Anne Kallies (Cantley-Smith & Kallies)
- SolarEdge
- [Confidential submission]
- [Confidential submission]

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1 See NER, clause 11.173.3 and NERR, rule 11 of Part 19, Schedule 3.

2 A retrofit is the conversion of an existing electrical distribution system into an embedded network.

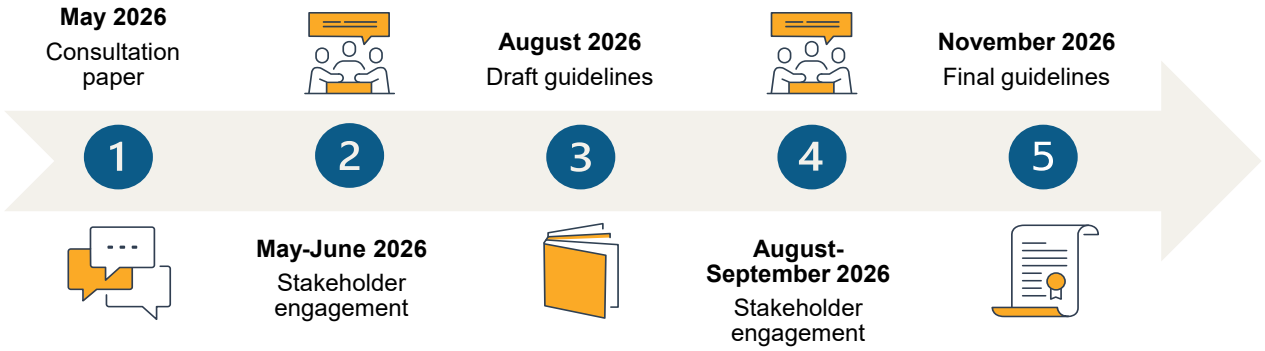
3 AER, Exemption guidelines review 2026 - submissions.

4 AER, Exemption guidelines review – Consultation paper, Australian Energy Regulator, 18 May 2026.

5 AER, Draft network exemptions guideline (version 8) and Draft retail exempt selling guideline (version 8), Australian Energy Regulator, 18 August 2026.

This notice of final decision should be read in conjunction with the AER's initial consultation paper and its notice of draft decision.

Figure 1 – Consultation process



2 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 the National Electricity Rules (NER) for network exemptions; and the National Energy Retail Law (NERL) and the National Energy Retail Rules (NERR) for retail exemptions.

The AER administers both frameworks and regulates who can operate exempt networks and on-sell energy through our guidelines, via 3 categories of exemptions: deemed, registrable and individual exemptions.

2.1 Network Guideline

The AER may exempt entities from registering with AEMO as a network service provider where doing so is not inconsistent with the National Electricity Objective.[6] For example, exemptions may be appropriate for some small-scale private networks serving a defined site where full registration would impose unnecessary administrative burden. 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.

2.2 Retail Guideline

The AER may exempt energy sellers from holding an authorisation in certain situations. These include where the selling of energy is incidental (that is, 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 NEL s 7; NER cl 2.5.1(d).

3 Reflecting flexible trading in the exemptions framework

The AEMC has finalised new rules[7] to support flexible trading arrangements and unlock greater benefits from consumer energy resources. The changes introduce secondary settlement points and create the concepts of 'single user networks' and 'excluded metering installations', which are excluded from the NER definition of 'distribution system'.[8]

3.1 Draft guidelines

The draft guidelines reflected the AEMC's flexible trading reforms, including the amended definition of 'distribution system', and provided examples of how secondary settlement points and single user networks interact with existing embedded networks. The draft Retail Guideline also confirmed the potential availability of the R5 exemption for a non-authorised financially responsible Market Participant selling electricity to a large customer through a secondary settlement point.

3.2 Stakeholder feedback and our final position

Stakeholders supported aligning the guidelines with the flexible trading reforms and providing practical examples. As such, the final Network Guideline retains the amended NER definitions and clarification that establishing a secondary settlement point does not of itself require a network exemption.

CPAQ and Cantley-Smith & Kallies sought clearer guidance on how secondary settlement points and single user networks interact with existing embedded network arrangements, including for sites that have multiple connections. In response, we have expanded examples 5A to 8B to demonstrate how secondary settlement points and single user networks interact with existing embedded networks. This includes clarification that the network exemption requirement may change if electricity is later supplied to another person.

Cantley-Smith & Kallies also requested further guidance about the savings provision in the NER,[9] which preserves the status of certain embedded network arrangements established before 1 November 2026. Our draft Network Guideline explained that the amended definition of 'distribution system' does not affect an embedded network established before that date, where the network meets the definition of a 'single user network'. As this addresses the practical effect of the savings provision, we have retained the guidance in the final Network Guideline without further amendment.

CPAQ sought clarification on whether consumption should be aggregated across a site (when determining whether a customer is small or large) where the site has multiple retailer accounts, connection points or National Metering Identifiers.

The flexible trading reforms do not change how customer classification is determined or introduce a new requirement to aggregate consumption across a site.

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7 AEMC, *National Electricity Amendment (Unlocking CER benefits through flexible trading) Rule 2024* and *National Energy Retail Amendment (Unlocking CER benefits through flexible trading) Rule 2024*, 15 August 2024.

8 See Glossary.

9 NER cl 11.173.4.

Classification remains the responsibility of the relevant retailer or financially responsible Market Participant under the NERR, or the exempt seller under the Retail Guideline. As such, we have retained the guidance in the final Network Guideline without further amendment.

SolarEdge sought further guidance on how the exemptions framework applies to landlord-owned or third party-owned consumer energy resources used by tenants and body corporate common property arrangements. SolarEdge queried the respective roles of the AER and AEMO, and sought confirmation that no retail exemption or retailer authorisation is required if the party is not selling energy to the tenant. SolarEdge further queried how settlement and network charges apply to electricity imported at a battery secondary settlement point.

We have introduced new Example 5B and 8B in the final Network Guideline to address how the exemptions framework would apply in certain scenarios. Further, both guidelines clarify that whether a person requires a network or retail exemption or retailer authorisation depends on the arrangement. This includes whether electricity is supplied or sold to another person and who is performing the activity. We have maintained guidance from version 7 of the Retail Guideline that confirms a person does not require a retail exemption where it is not selling energy.

The final Retail Guideline provides guidance on electricity sold through a secondary settlement point for a customer's consumer energy resources, including that electricity sold by a second financially responsible Market Participant may be for a large customer's consumer energy resources. We have also clarified in the guideline that secondary settlement points are intended to support energy services associated with a customer's premises, rather than the supply of electricity to another customer or end user.

The final Network Guideline does not determine eligibility to establish a secondary settlement point, settlement calculations, distribution network service provider tariff assignments or how a retailer or financially responsible Market Participant should allocate network charges. These matters are governed by the NER, AEMO procedures, applicable network tariffs and the relevant commercial arrangements.

4 Reducing regulatory burden for commercial retrofits

Throughout this review, stakeholders have strongly supported streamlining the commercial embedded network retrofit process. They considered the existing pathway resource intensive and disproportionate to the comparatively lower consumer risk at commercial sites.

4.1 Draft guidelines

The draft guidelines proposed a streamlined pathway for commercial-only embedded network retrofits. We proposed creating a new R9 registrable retail exemption class for commercial retrofits in the Retail Guideline. Under this approach, sellers would no longer be required to apply for an individual exemption and could instead register under R9.

The pathway combined the new R9 retail exemption class with network self-certification while retaining the 85% tenant consent threshold, prescribed AER information and consent materials, and existing protections for non-consenting tenants. We also proposed a 5-year record-retention period and transitional arrangements for active retrofit campaigns.

4.2 Stakeholder feedback and our final position

Stakeholders supported the proposed commercial retrofit pathway. No stakeholder opposed the proposed pathway or sought changes to the 85% tenant consent threshold, record-retention period or transitional arrangements. Stakeholders supported retaining the existing AER approval process for residential and mixed-use retrofits.

In response, we have retained our draft approach in the final guidelines. These changes do not alter the eligibility requirements, consumer protections or self-certification process.

Eligible commercial-only retrofits may proceed through self-certification and registration, including an R9 retail exemption and the relevant network exemption. The pathway retains the 85% tenant consent threshold, prescribed AER fact sheets and explicit informed consent (EIC) form template, 5-year record retention and transitional arrangements for active retrofit campaigns.

No stakeholders objected to the transitional arrangements proposed to manage the implementation of the new commercial retrofit pathway and we have maintained this approach. For 6 months after the final guidelines are released, prospective exempt network service providers with active marketing campaigns can choose one of the following options:

1. Restart their marketing campaigns incorporating the new AER fact sheet and EIC form, and then register the relevant registrable class network and retail exemptions once they have achieved 85% EIC, or
2. Continue with their original marketing campaign and apply to the AER for a retrofit assessment under our current process.

We consider this approach should keep proponents' administrative costs manageable and avoid unnecessary retrofit delays, including delays to tenant benefits such as lower tariffs.

AER marketing campaign fact sheets and EIC form template

We have maintained our view that the mandatory materials will support tenants to have clearer, unbiased information before deciding whether to consent.
They also provide proponents a clear framework for running a marketing campaign and will likely reduce administrative burden for all.

Some stakeholders identified minor opportunities to improve the technical accuracy of scenarios in the supporting fact sheets, which we published alongside the draft guidelines.

We have made minor updates to describe those scenarios more accurately. For example, SolarEdge suggested that the prescribed AER fact sheets and consent materials identify flexible trading as an alternative to creating an embedded network. It noted that recent reforms may allow customers to access these arrangements without an embedded network and that tenants should be aware of this when deciding whether to consent. In response, we have clarified in the fact sheets that an embedded network is one of several ways a building or site owner can supply energy to residents or tenants. We have also added wording encouraging tenants to ask why the retrofit is proposed and what other options were considered, so they can seek information relevant to their circumstances. We have not named specific alternatives because their suitability depends on the site and customer needs may change over time. Some arrangements can also operate within an embedded network as well as outside one. This approach keeps the fact sheets accessible to customers with different levels of energy knowledge.

Stakeholders supported the EIC form. We have made no further changes to this document.

Both fact sheets and the EIC form will be available on our website and updated from time to time as required.

5 Metering data protections and installation security

5.1 Draft guidelines

The draft Network Guideline introduced conditions protecting the confidentiality of customers' metering data and requiring exempt network service providers to secure metering installations.

5.2 Stakeholder feedback and our final position

The CCIA supported the proposed conditions protecting the confidentiality of customers' metering data and requiring exempt network service providers to secure metering installations. However, it observed that conditions 1.20 (Confidentiality of metering data) and 1.21 (Security of metering installations) had been omitted from the relevant registrable electricity supply classes in Table 3 of the draft Network Guideline, including class NR4. We have corrected these unintended omissions in the final Network Guideline.

The CCIA requested that condition 1.20 expressly allow metering data to be disclosed to agents, including billing agents and relevant service providers. We consider that this approach is appropriate given the operational use of billing agents and specialist service providers in embedded networks. As such, we have amended condition 1.20 in the final Network Guideline to permit disclosure to an exempt network service provider's employees, agents and related bodies corporate, subject to the condition's confidentiality safeguards.

The CCIA sought an implementation period of at least 6 months so existing exempt network service providers could familiarise themselves with the new requirements, review arrangements with contractors and billing agents, and update their systems, policies and processes. We agree that existing operators may need time to prepare before the conditions commence. Therefore, we have specified in the final Network Guideline that conditions 1.20 and 1.21 will apply from 1 July 2027.

CPAQ proposed amending conditions 1.21 and 2.3 to allow an exempt network service provider to recover reasonable testing, resealing, repair or replacement costs where a customer deliberately or negligently damages or interferes with a meter. We have not accepted this proposal. We consider the existing conditions provide a clear allocation of responsibility to the exempt network service provider for securing, testing, repairing and replacing metering installations, and support prompt restoration. A customer-fault cost-recovery provision could delay this work and create disputes about causation, responsibility and the amount of recoverable costs. Further, we have received no evidence to date that deliberate or negligent customer conduct is a widespread metering issue that would justify changing the current approach at this time.

We note the Network Guideline does not prevent an exempt network service provider from relying on any separate right to recover loss that may exist under an applicable contract or another law. However, the guidelines do not create or determine such a right.

6 Third-party embedded generation and storage systems

6.1 Draft guidelines

The draft Network Guideline clarified that the 5 megawatt (MW) threshold for AEMO review of embedded generating systems and integrated resource systems is applied in aggregate at the exempt network connection point. A further AEMO review is required where an increase in capacity results in, or maintains, an aggregate nameplate rating of 5 MW or more.

6.2 Stakeholder feedback and our final position

Stakeholders supported the proposed clarification of the AEMO review threshold for embedded generating systems and integrated resource systems. In response, the final Network Guideline retains the proposed requirements for classes NDO1 and NRO1.

This includes:

- applying the 5 MW threshold in aggregate at the exempt network connection point
- requiring a further AEMO review where an increase in capacity results in, or maintains, an aggregate nameplate rating of 5 MW or more
- requiring written evidence of AEMO review and ongoing compliance with applicable AEMO and connection agreement requirements.

These changes provide a clearer interface between the AER and AEMO exemption frameworks and support appropriate technical oversight of larger embedded generating and storage systems.

7 Embedded network regulation in NSW

7.1 Draft guidelines

Recent NSW legislative amendments[10] introduced additional protections for customers purchasing embedded network commodities. Embedded network commodities are defined as electricity, gas, bulk hot water and centralised air-conditioning. The amendments impose additional obligations on sellers of these commodities, administered by the NSW Independent Pricing and Regulatory Tribunal (IPART), rather than the AER.

The draft Retail Guideline clarified that jurisdictional requirements may apply in addition to the AER's exemptions framework, but do not expand that framework to sales outside the NERL (NSW).

7.2 Stakeholder feedback and our final position

The CCIA observed uncertainty around how the NSW maximum price requirements interact with the AER's maximum price condition for most exemption classes in the Retail Guideline. This mirrors exempt seller concerns and queries (raised separately to our consultation process) as to how bundled offers should be calculated and the timing of price changes.

Exempt sellers have observed that the retail exemptions framework and IPART's regulation framework for embedded network commodities could potentially apply different price caps to an embedded network customer's supply and usage tariffs. For example, the IPART price cap could apply to the supply charge while the AER price cap could apply to the usage charge.

They queried whether an offer should be assessed holistically under one framework (by adding together the supply and usage tariffs) or whether they should compare the frameworks and apply the lowest price cap for each tariff component. Exempt sellers also noted that the frameworks may require prices to be reviewed at different times.

While IPART's implementation date for maximum price caps for embedded network commodities has not been confirmed, its current maximum price cap for residential land lease communities applies from September each year. Retailers' market offer prices usually change around 1 July each year. NSW exempt sellers have observed the administrative burden that would be required to regularly monitor and calculate both tariff components against 2 separate regulatory frameworks.

We recognise that many exempt sellers do not have the systems or resources to administer a requirement to regularly monitor the lowest offer for each tariff component for multiple embedded network customers. We acknowledge that the benefit of doing so is likely to be limited and that NSW exempt sellers may experience confusion and uncertainty if a fragmented price cap approach is adopted. We further consider that IPART's price caps for NSW embedded network commodities are likely to be lower than the local area retailer's standing offer (a determining factor in the AER's pricing obligation).

As such, we have not introduced an additional timing rule and have retained the NSW clarification in the final Retail Guideline. Further, we have deleted the footnote stating that the lowest price applies where pricing requirements conflict. Jurisdictional legislation will take

[10] Via the Electricity Supply Amendment (Miscellaneous) Regulation 2026.

precedence to the extent of any inconsistency with an exempt seller's exemption conditions. We consider this provides a clearer basis for applying overlapping pricing requirements and avoids requiring exempt sellers to construct a complex lowest-price calculation process.

We will continue to monitor outcomes of this decision. If we consider that NSW embedded network customers are being disadvantaged, we will revisit this position.

8 Additional clarifications

8.1 Final guideline changes

We have made targeted clarifications in response to submissions and final quality assurance.

Electric vehicle charging and emerging energy services

Cantley-Smith & Kallies and CPAQ sought further guidance on electric vehicle (EV) charging, third-party infrastructure and layered energy-service arrangements. While some broader policy issues raised were out of scope for this review, we made targeted changes where they intersected with the draft guidelines.

In both final guidelines, we have clarified the distinction between electricity supplied to an EV charging station and a temporary charging service provided to a visitor.

Amended Network Guideline Example 3 and new Retail Guideline Example F explain that temporary charging services will not generally involve supplying or selling electricity to the visitor because they do not involve supplying electricity to those users 'for premises'. Different considerations may apply where charging forms part of the electricity supply to a resident, tenant or business occupant.

We have amended the activity description of class NDO3 in the Network Guideline to clarify that the class applies to persons supplying metered electricity to EV charging stations that are owned, operated or controlled by a third party within an exempt network.

We have not explicitly defined 'premises' or 'for premises'. These terms are not defined in the NERL or NERR and the factors that determine whether a supply arrangement is considered 'for premises' depend on the unique circumstances of that arrangement. Instead, we added guidance on the factors that may be relevant.

We encourage any stakeholders that are not certain whether an exemption is required for their specific circumstances to seek legal advice in the first instance.

Other corrections

In addition, the final Network Guideline:

- corrected the omission of conditions 1.20 and 1.21 from Table 3 of the draft Network Guideline and made minor drafting and typographical corrections
- restored a reference to the applicable minimum service specification for metering installations in the final Network Guideline[11]
- updated the distribution loss factor conditions with the current NER term 'distribution connected unit'.[12]

[11] This was included in earlier versions of the guideline but accidentally omitted from version 7.

[12] The National Electricity Amendment (Integrating Energy Storage Systems into the NEM) Rule 2021 replaced the term 'embedded generating unit' with 'distribution connected unit' to accommodate both generation and energy storage.

Glossary

Term	Definition
Consumer energy resources	A diverse range of small- to medium-scale energy resources that are located behind the meter at residential, commercial and industrial premises. These resources generate or store electricity and include flexible loads that can alter demand in response to external signals. Consumer energy resources include technologies such as rooftop solar, small-scale batteries (including community battery storage systems), inverters, bidirectional energy resources, including electric vehicle supply equipment.
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 – which is owned, controlled or operated by a person who is not a Network Service Provider. An embedded network is a subset type of an exempt network.
Excluded metering installation	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 of the NER.
Exempt network	A network owned, controlled or operated by a person required to be subject to a network exemption in accordance with section 11(2) of the NEL.
Financially responsible Market Participant	In relation to a market connection point, a term which is used to describe the Market Participant which has either: a) classified the connection point as one of its market loads b) classified the generating unit connected at that connection point as a market generating unit c) classified a bidirectional unit connected at the market connection point as a market bidirectional unit, or d) classified the network services at that connection point as a market network service.
Flexible trading	A market arrangement that 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.
Secondary settlement point	A metering installation within the premises of an end user that has been established as a secondary settlement point in accordance with clause 7.2.6 of the NER.
Single user network	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

Term	Definition
	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.
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.