Australian Government

AUSTRALIAN ENERGY REGULATOR

Network exemptions guideline

version 8

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Contents

1 About this guideline 1
2 Are you supplying electricity? 3
3 Do you need a network exemption? 1
4 What type of exemption applies to me? 10
4.1 Deemed exemptions 13
4.2 Registrable exemptions 13
4.3 Individual exemptions 14
5 Who must hold the exemption? 15
5.1 Primary registrant – multiple parties associated with a network 15
6 How do you get an exemption? 17
6.1 Deemed exemptions 17
6.2 Registrable exemptions 17
6.3 Individual exemptions 19
7 Exemption conditions and compliance 22
7.1 Exemption conditions 22
7.2 Breaches of conditions 23
8 Changes to exemptions 25
8.1 Condition variation 25
8.2 Revoking an exemption 25
8.3 Change or amendment of ownership, control or operation or cessation of an exemption 26
9 Retail exempt selling 28
Appendix A-1 – Classes of deemed and registrable exemptions 29
Appendix A-2 – Exemption conditions 43
Part 1 General conditions 44
Condition 1.1 Compliant metering 44
Condition 1.2 Paid electricity supply must be metered 44
Condition 1.3 Safety, reliability, security and emergency requirements 44
Condition 1.4 Design for loss of supply 45
Condition 1.5 Sale of electricity 45
Condition 1.6 Dispute resolution 45
Condition 1.7 Aggregation of meter readings 46
Condition 1.8 An exemption is not transferrable 46
Condition 1.9 Revocation or amendment of an exemption 46
Condition 1.10 Life support customers 46
Condition 1.11 Supply disconnection to a life support customer obligation 47
Condition 1.12 Obligation where an Embedded Network Manager is appointed ..47
Condition 1.13 Membership of energy ombudsman scheme obligation 48

Condition 1.14 Payment difficulties and disconnection or de-energisation 48
Condition 1.15 When disconnection or de-energisation is prohibited 49
Condition 1.16 Reconnection or re-energisation 50
Condition 1.17 Continuity of supply 50
Condition 1.18 Reporting requirement 51
Condition 1.19 Notification requirement 51
Condition 1.20 Confidentiality of metering data 51
Condition 1.21 Security of metering installations 52
Part 2 Detailed conditions 54
2 Access to retail competition conditions 54
Condition 2.1 Retail competition – access requirement 54
Condition 2.2 Prohibition of measures which impede competition 54
Condition 2.3 Meter accuracy testing, billing disputes, maintenance and operation 55
Condition 2.4 Metering installation 56
3 Access to retail competition in embedded networks conditions 57
Condition 3.1 Appointment of an Embedded Network Manager 57
Condition 3.2 Embedded Network Manager appointment trigger conditions 57
Condition 3.3 Small size network threshold 57
Condition 3.4 Registration required when an Embedded Network Manager is appointed 58
4 Distribution loss factor conditions 59
Condition 4.1 Standard loss factor approach 59
Condition 4.2 Large loads, distribution connected units and site-specific loss factors 59
Condition 4.3 Annual DLF approval requirements 60
5 Pricing conditions 61
Condition 5.1 Charge groups 61
Condition 5.2 Network charges 62
Condition 5.3 Meter reading charges 63
6 Embedded Network Manager – appointment and reversion 64
Condition 6.1 Cost recovery 65
Condition 6.2 Information provision 65
7 Sites converted to an embedded network 67
Condition 7.1 Offer matching for large customers 67
Condition 7.2 Offer matching for small customers 67
Condition 7.3 Duplication of network charges 68
Condition 7.4 Metering arrangements 68
8 Designated network assets 69
9 Dedicated connection assets 69

Appendix B – Applying for an individual exemption or condition variation 70
Appendix C – Converting an existing site to an embedded network (retrofit) 72
Residential and mixed sites 72
Commercial sites 73
Part 1 Eligibility requirements 73
Providing retrofit information 74
Collecting and recording explicit informed consent 74
Retail contestability 75
Customer dispute resolution services 75
Part 2 General application details 75
Part 3 Details of proposed operations 76
Glossary 78

1 About this guideline

The National Electricity Law (NEL) and National Electricity Rules (NER) require a person who engages or proposes to engage in the activity of owning, controlling or operating a transmission or distribution system connected to the national grid to register with the Australian Energy Market Operator (AEMO).[1]

In accordance with this guideline, the NEL and NER allow us to exempt a person or class of persons from the requirement to register as a network service provider (NSP) or from the operation of technical requirements in Chapter 5 of the NER.

If you are supplying electricity to a person or customer through a transmission or distribution system, including in an embedded network, this guideline will help you understand:

1. whether you are eligible for a network exemption
2. what type of exemption you need – deemed, registrable or individual (section 4)
3. who must hold the exemption (section 5)
4. how to get an exemption (section 6)
5. how we assess individual exemption applications (section 6.3)
6. the conditions exempt persons must comply with (**Appendix A-2**).

The guideline's appendices provide detailed information to help you understand whether you are eligible for an exemption, the relevant conditions of an exemption and what you need to provide to apply for an individual exemption or variation of conditions.

If you have read this guideline and are still unsure whether you need an exemption, please contact us. We can help you understand how to apply this guideline but recommend you obtain independent legal advice on your particular circumstances. If you have a question, you can email us at AERexemptions@aer.gov.au or phone the AER Information line on 1300 585 165.

This guideline deals with electricity network exemptions under the NEL and NER.

Note

If you are selling electricity to a person for premises, you must either hold a retailer authorisation or a retail exemption from the AER. Please see the *Retail exempt selling guideline* which deals with retail exemptions under the National Energy Retail Law (NERL) and National Energy Retail Rules (NERR).

Regardless of whether a person is registered with AEMO or exempt by us, they will be subject to additional requirements, including price controls, construction standards and electrical safety, under the laws of the State or Territory in which the network is located.

Where State or Territory laws conflict with the conditions in this guideline, those State or Territory laws take precedence over the guideline's conditions.[2]

---

1 Section 11(2) of the NEL and clause 2.5.1 of the NER.

2 For example, charging restrictions which exist under State or Territory laws in a number of jurisdictions, and which may apply to caravan parks, retirement villages, manufactured home estates or like situations.

Note

Victoria has its own electricity licensing and exemptions framework. Persons who supply or sell electricity in Victoria need a licence unless exempted from the requirement to obtain one.

The *General Exemption Order 2022 (Vic)* sets out classes of exemption (deemed and registrable) that apply in Victoria, which are set out in the *Registration guideline for exempt persons*,[3] published by the Essential Services Commission of Victoria (ESCV).

Any network exemptions required under the ESCV guideline would be **in addition to** the network exemptions required under this guideline.

[3] https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/registration-guideline-exempt-persons#toc-the-general-exemption-order

2 Are you supplying electricity?

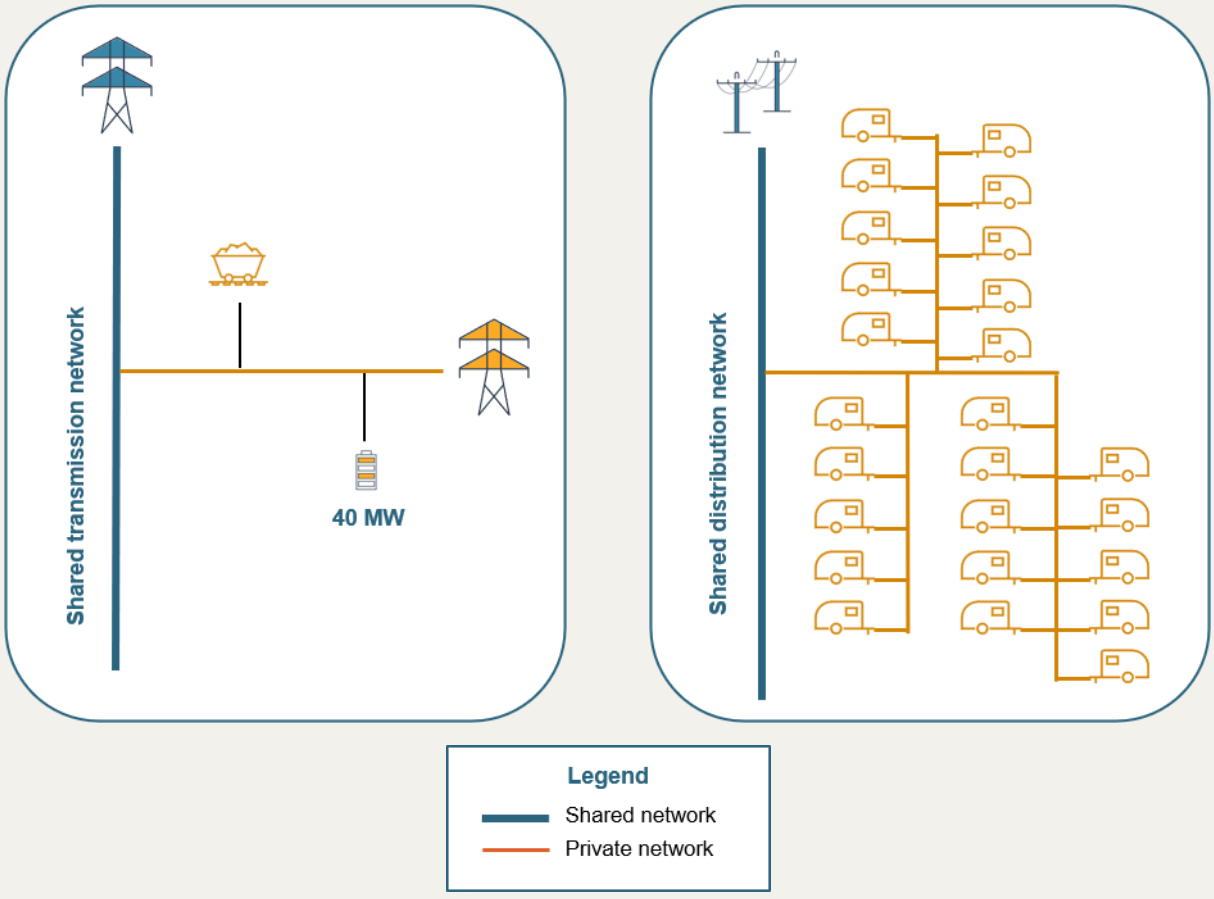
If you own, control or operate a network that supplies electricity to another person it is likely that you are supplying electricity under the NEL and NER.

Chapter 10 of the NER defines a network as:

> The apparatus, equipment, *plant* and buildings used to convey, and control the conveyance of, electricity excluding any *connection assets*. In relation to a *Network Service Provider*, a *network* owned, operated or controlled by that *Network Service Provider*.

Examples covered by this guideline include supplying electricity to customers of:

- caravan parks
- apartments
- shopping centres
- airports
- farms
- mining sites.



3 Do you need a network exemption?

This guideline relates to networks:

1. that are connected to the national grid[4]
2. where the person who owns, controls or operates a network is not registered as a network service provider (NSP) by AEMO, and
3. that are used to supply electricity to a third person.

Where these criteria are met, the person who owns, controls or operates a network must be exempted from the requirement to register as an NSP for that network by the AER under this guideline. An exempt person must operate its network in accordance with the conditions specified for each relevant exemption class, which are set out in **Appendix A-2**.

Note

Flexible trading arrangements introduced into the NEM[5] on 1 November 2026 enable customers to establish *secondary settlement points* within their premises (including within embedded networks) to engage new energy services and obtain more value from their consumer energy resources (CER).

Secondary settlement points are intended to support energy services associated with a customer's premises and their CER. They are not intended to operate as a customer's child connection point or any other point of supply to another end user's CER.

A network exemption is not required just because a metering installation is established as a secondary settlement point within a customer's premises or where a third party (such as a financially responsible Market Participant (FRMP), Small Resource Aggregator (SRA) or landlord) has operational control of a customer's CER behind a secondary settlement point.

This guideline does not determine NEM market participation, settlement calculations, network tariff assignment or the allocation of network charges between primary and secondary settlement points. These matters are governed by the NER, AEMO procedures, applicable network tariffs and the relevant retail or energy-services arrangements. In this guideline, the term *exempt network* refers to a transmission network, distribution network and an embedded network – but not to a *single user network* or an *excluded metering installation*.[6]

4 Microgrids or stand-alone power systems (SAPS) typically have networks, however they do not connect to the national grid and therefore are not covered by this guideline.

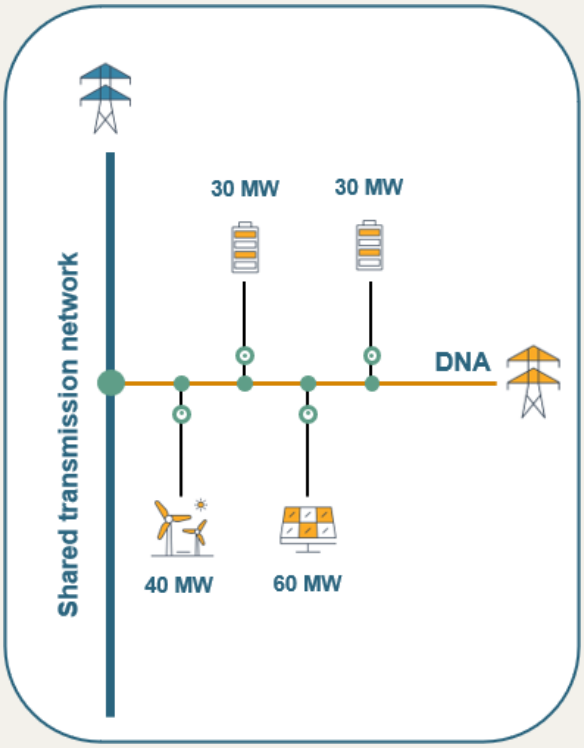
5 AEMC, *Unlocking CER benefits through flexible trading*, Rule determination, 15 August 2024.

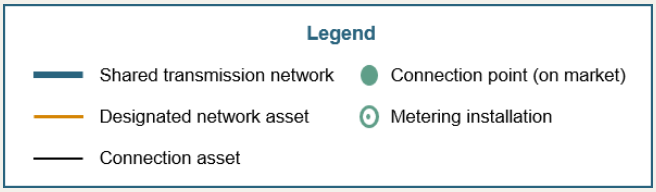
6 The NER definition of 'distribution system' was amended by the *National Electricity Amendment (Unlocking CER benefits through flexible trading) Rule 2024* to exclude 'single user networks' and 'excluded metering installations'. Embedded networks created before 1 November 2026 that meet the definition of 'single user network' are not affected by the amending rule. See NER, clause 11.173.4.

Example 1 – Designated Network Asset (DNA)

Company A intends to own a DNA connecting to the national grid in New South Wales with the Primary transmission NSP operating and controlling the DNA under a network operating agreement (NOA). The DNA connects 4 generating systems, each with individual nameplate ratings of 30 MW or more, and these are independently owned, controlled and operated by Company B, Company C, Company D and Company E.

Company A would require registrable exemption class NRO8.

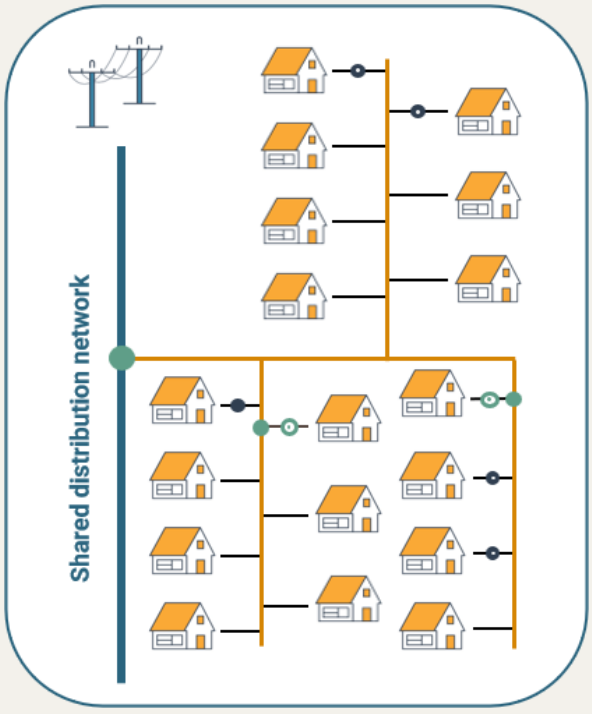


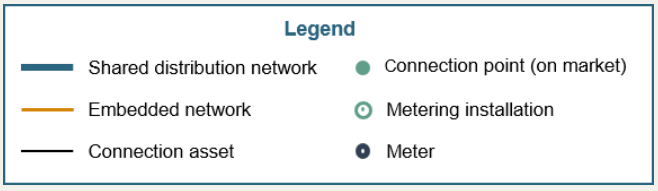


Example 2 – Embedded network

Company A supplies electricity to more than 20 unmetered residential customers and 10 metered residential customers in a retirement village.

Company A would require exemption class NR3.





Example 3 – Electric vehicle charging station in an embedded network

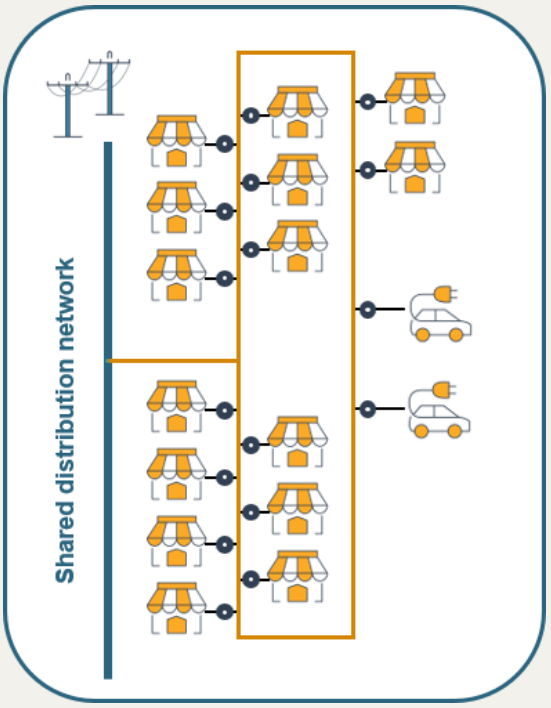
Company A owns a shopping centre that supplies electricity to Company B (which operates electric vehicle charging stations within the centre), via an embedded network.[7]

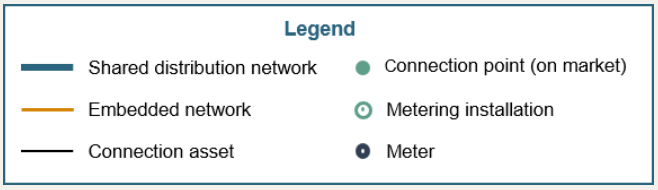
Company A would require deemed exemption class NDO3.

Company B supplies electricity to customers of the charging stations who visit the shopping centre and pay a fee for this service based on the electricity consumed to charge their vehicle.

Company B would not generally require a network exemption for the temporary charging services to EV users visiting the centre, as it does not involve the supply of electricity to those users for premises.[8]

However, Company B must still comply with other requirements applicable to this service. These may include the Australian Consumer Law, trade measurement laws,[9] and the New Energy Tech Consumer Code.[10]





7 The activity of owning the shopping centre which supplies electricity to small business customers via the embedded network is covered by a separate exemption. It is appropriate to assess this activity as a registrable exemption under exemption class NR1.

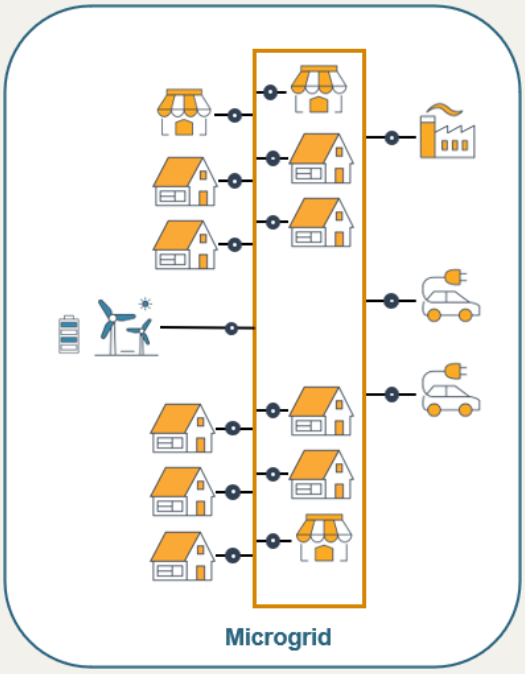
8 This would equally apply if Company A owned or operated the charging stations instead of Company B.

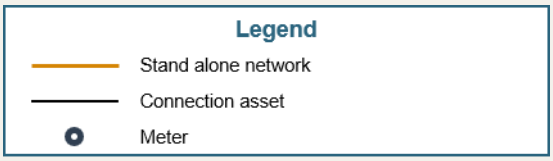
9 Under the *National Measurement Act 1960* (Cth) administered by the National Measurement Institute. For further information, see https://www.industry.gov.au/national-measurement-institute/trade-and-industry/instruments-industry/utility-meters

10 https://www.newenergytech.org.au/netcc-standards

Example 4 – Microgrid or stand-alone power system

No network exemption is required because a microgrid or stand-alone power system is not connected to the national grid.





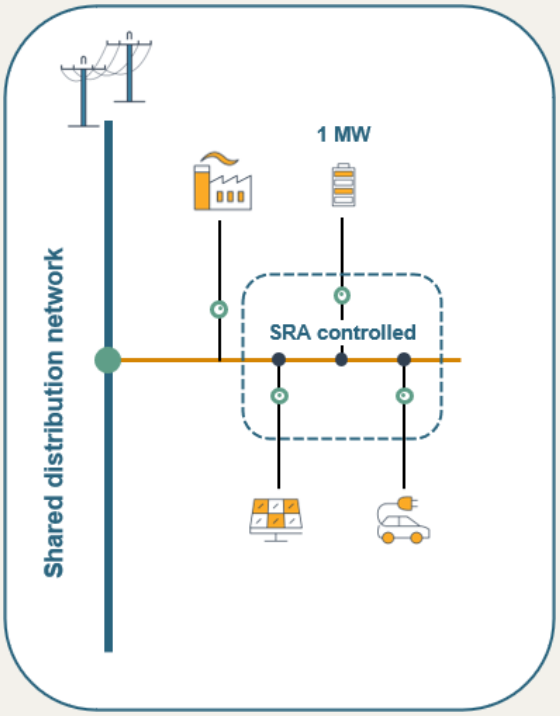
Example 5A – Commercial single user network with secondary settlement points

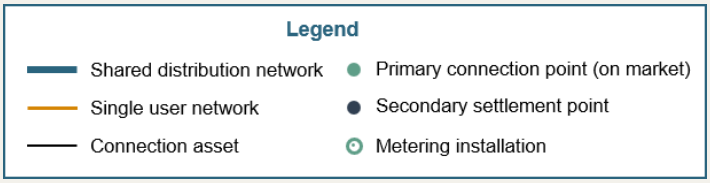
Company A owns and operates a large warehouse and establishes secondary settlement points for its solar PV system, battery system and electric vehicle charging infrastructure.

A Small Resource Aggregator becomes the FRMP for the secondary settlement points and controls charging and discharging of the battery.

No other customer is connected to the network.

The arrangement is a ‘single user network’ and no network exemption is required.





Example 5B – Residential single user network with secondary settlement points

Company A owns and leases a residential property to an individual tenant. Electricity is supplied to the premises via a market connection where the tenant has a contract with a retailer as a residential customer.

Company A (or another party under a finance or leasing arrangement) owns a solar PV and battery system for tenant use at the premises and operates and maintains the system under a service agreement.

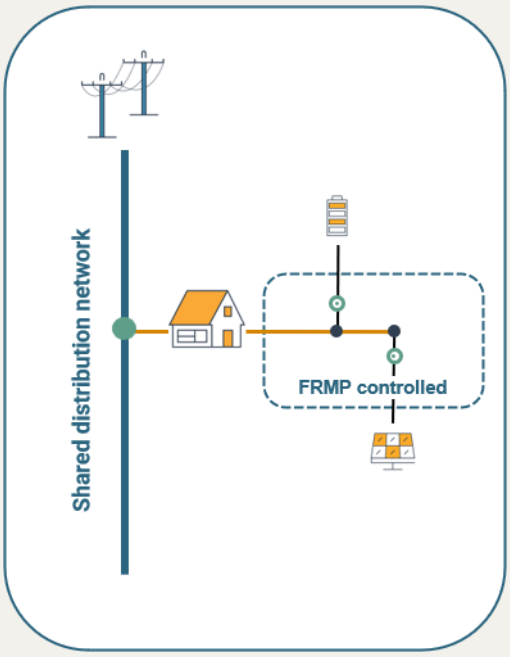
Secondary settlement points are established for the solar PV and battery system as per applicable NER and AEMO requirements.

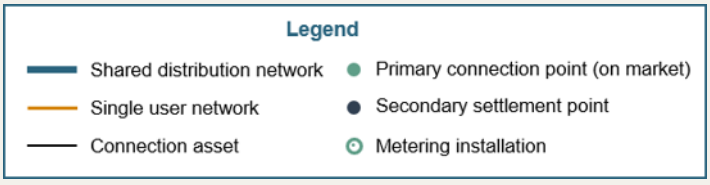
The retailer acts as the FRMP for the tenant's primary connection point and secondary settlement points.

No other customer is connected to the network.

The arrangement is classified as a single user network and Company A (or the contracted third party) does not require a network exemption to own, operate or control the solar PV system and battery system used by the tenant.

Note: The same principles would apply if the scenario involved a tenant leasing a commercial property.





Example 6 – Embedded network with mixed customers (some with secondary settlement points)

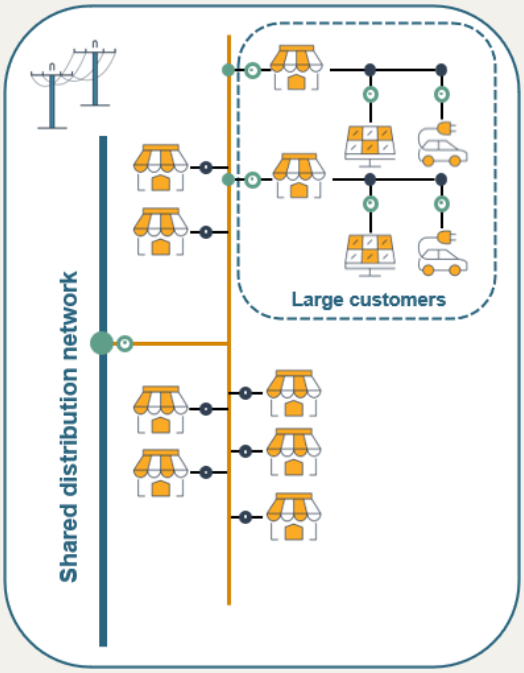
Company A owns a shopping centre and operates an embedded network supplying multiple tenants.

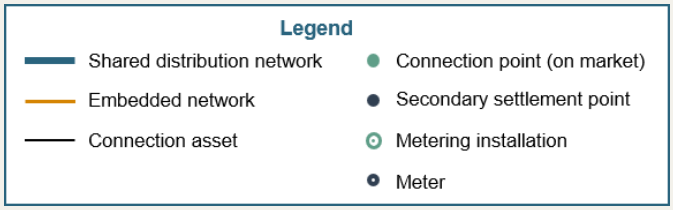
Two large tenants establish secondary settlement points for solar PV systems and electric vehicle charging infrastructure.

The remaining tenants continue to receive electricity through existing embedded network arrangements.

The shopping centre remains an embedded network and Company A continues to require the relevant registrable network exemptions – NR1 (small business customers) and NR5 (large customers).

Establishing secondary settlement points for some customers does not alter the exemption obligations applying to the remainder of the site.





Example 7 – Transition from single user network to exempt network

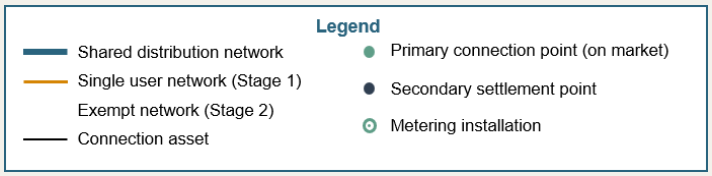
Company A operates a single user network supplying electricity only to its own warehouse (Stage 1) – as with Example 5A above. No network exemption is required.

Several years later Company A leases part of the warehouse to Company B and supplies electricity to Company B (small customer) through the same internal wiring (Stage 2).

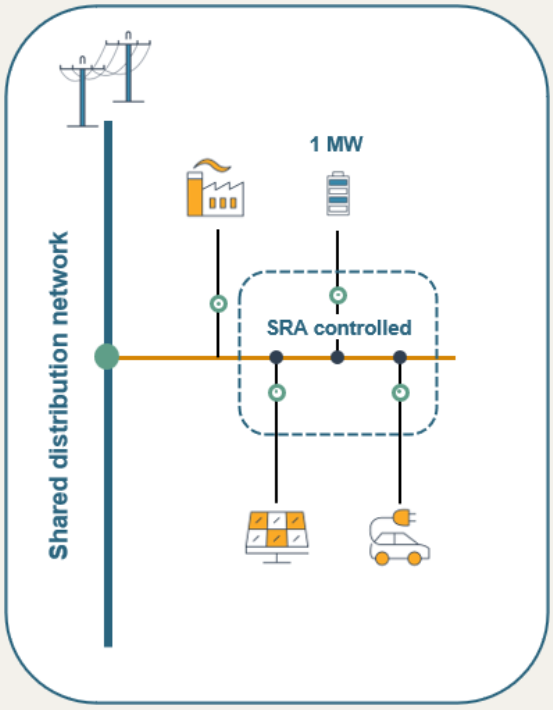
Once electricity is supplied to Company B, the arrangement no longer qualifies as a single user network.

Company A is now supplying electricity to another person through a private network and requires registrable network exemption NR1 for this activity.

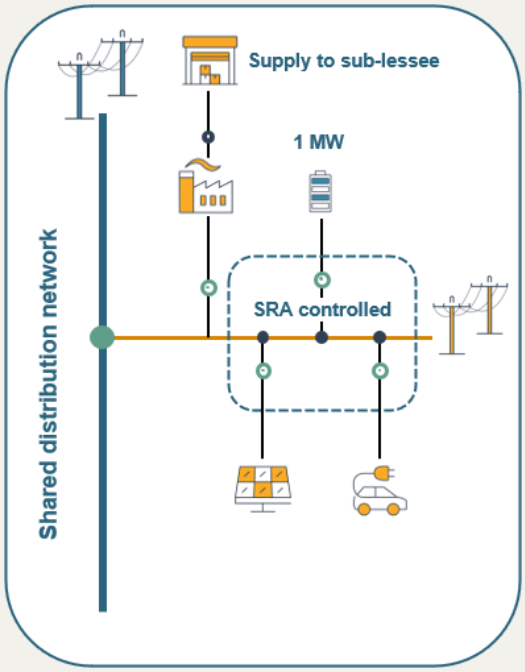
In addition, because the network is no longer a single user network, Company A requires registrable network exemption NRO2 for the Small Resource Aggregator (SRA) arrangement.



Stage 1



Stage 2



Example 8A – Residential customer with secondary settlement points in an embedded network

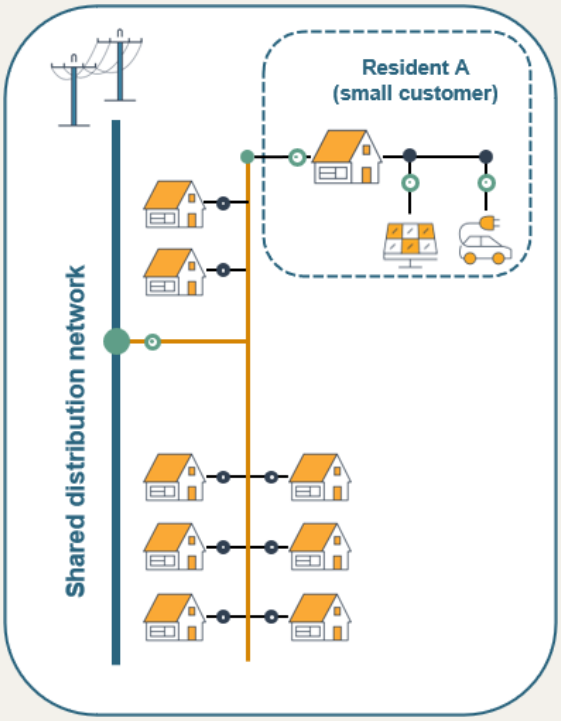
A body corporate owns and operates an embedded network supplying electricity to residents within a townhouse complex. The body corporate requires registrable exemption class NR2 for this activity.

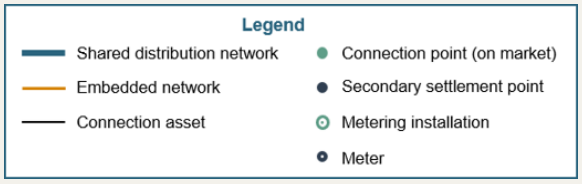
Resident A wants to participate in flexible trading arrangements and so establishes secondary settlement points for rooftop solar PV and an electric vehicle charger installed at their premises.

An authorised retailer is the FRMP for Resident A's primary connection point and secondary settlement points.

The townhouse complex remains an embedded network and the body corporate continues to require a network exemption to supply electricity to residents within the site.

Establishing secondary settlement points does not alter the exemption requirements applying to the embedded network in this scenario.





Example 8B – Body corporate with secondary settlement points in an embedded network

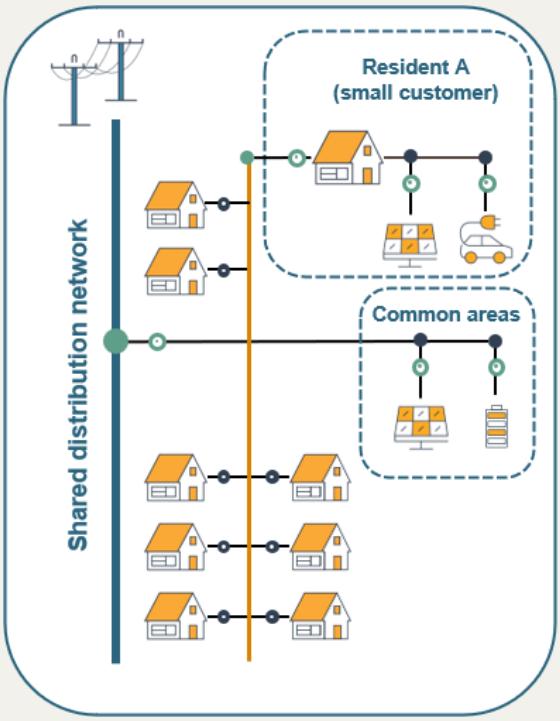
Further to Example 8A above, the body corporate wants to participate in flexible trading arrangements and so establishes secondary settlement points for rooftop solar PV and a battery system to supply common property areas at the complex.

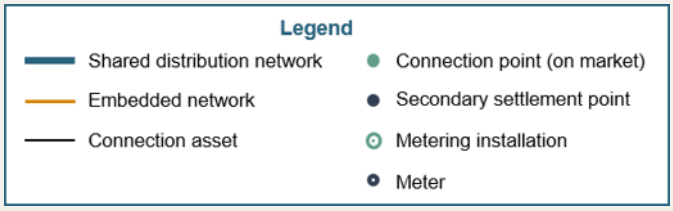
An authorised retailer is the FRMP for the body corporate's primary connection point and secondary settlement points.

The townhouse complex remains an embedded network and the body corporate continues to require a network exemption to supply electricity to residents within the site. However, no separate network exemption is required to supply the body corporate's own child connection point for the common property areas.

Establishing secondary settlement points for the body corporate does not alter the exemption requirements applying to the embedded network in this scenario.

Note: If a person other than the body corporate was the embedded network service provider, they would require a registrable network exemption class to supply electricity to both the residents and the body corporate – NR2 and NR1/NR5, respectively.





4 What type of exemption applies to me?

The AER has the power under the NER to grant an exemption to a person with respect to an individual or classes of transmission or distribution systems.[11] There are 3 categories of exemptions: **deemed**, **registrable** and **individual**.

The type of exemption you need will depend on who you are supplying electricity to and the nature of your network activity.

Deemed and registrable exemptions apply to certain groups (or classes) of persons who supply electricity to a third party. These persons typically supply electricity incidentally (it is not their primary business and they only do so to support another more significant relationship with their customers, such as landlord and tenant).

Individual exemptions apply to people with specific circumstances which do not fall within a deemed or registrable exemption class. This may be because their network activities are unique and/or because they cannot comply with certain conditions of those classes. In such cases, the AER may grant a person an individual exemption with bespoke conditions attached.

Each person must assess the exemption class(es) applicable to their situation in accordance with this guideline. All deemed, registrable and individual exemption classes have conditions. These conditions maintain important consumer protection measures while exempting a person from those technical and access[12] requirements in Chapter 5 of the NER that apply to network owners, controllers or operators. The conditions are made up of general conditions and detailed conditions.

Where relevant, we have aligned classes for deemed and registrable network exemptions with the equivalent classes in the *Retail exempt selling guideline* published on the AER's website and as in force from time to time. However, this guideline covers more exemption classes than that guideline as it covers a broader range of activities than those captured under the Retail Law.

The process flows shown in Figures 1 and 2 below will help you to determine if you need a deemed, registrable or individual exemption, and the steps you need to take to get it.

Part 1 of the process flow (**Figure 1**) shows when to obtain a registrable or individual exemption after you assess that a deemed exemption does not apply. Part 2 of the process flow (**Figure 2**) shows what to do when a deemed exemption applies – and when you must update to a registrable exemption because an Embedded Network Manager trigger event occurs.[13]

[11] Clause 2.5.1(d) of the NER.

[12] However, the default position is that access must be provided on request (that is, 'open access' applies).

[13] 'ENM trigger event' is noted under condition 3.3.

Figure 1 What type of exemption do I need?

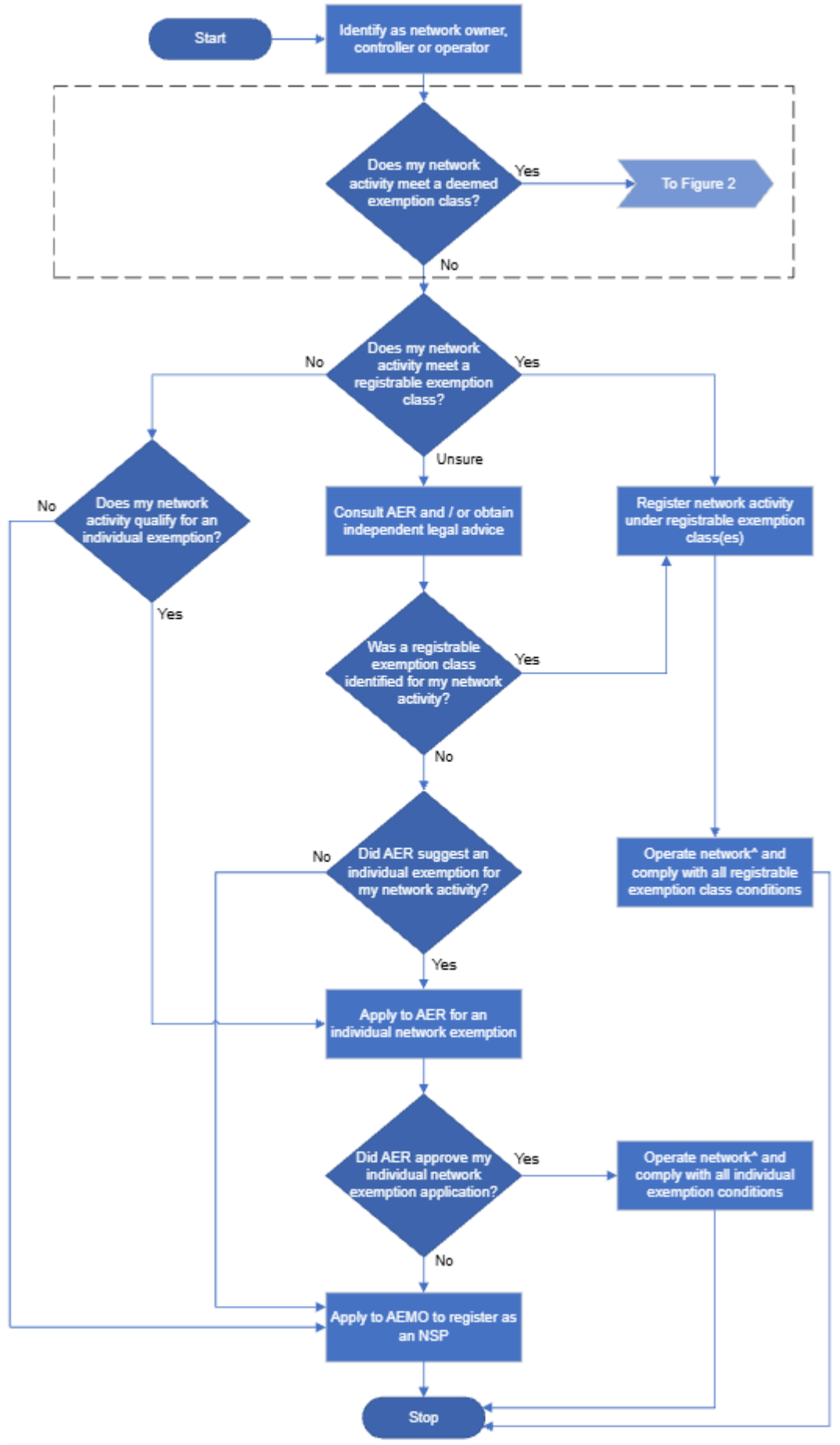
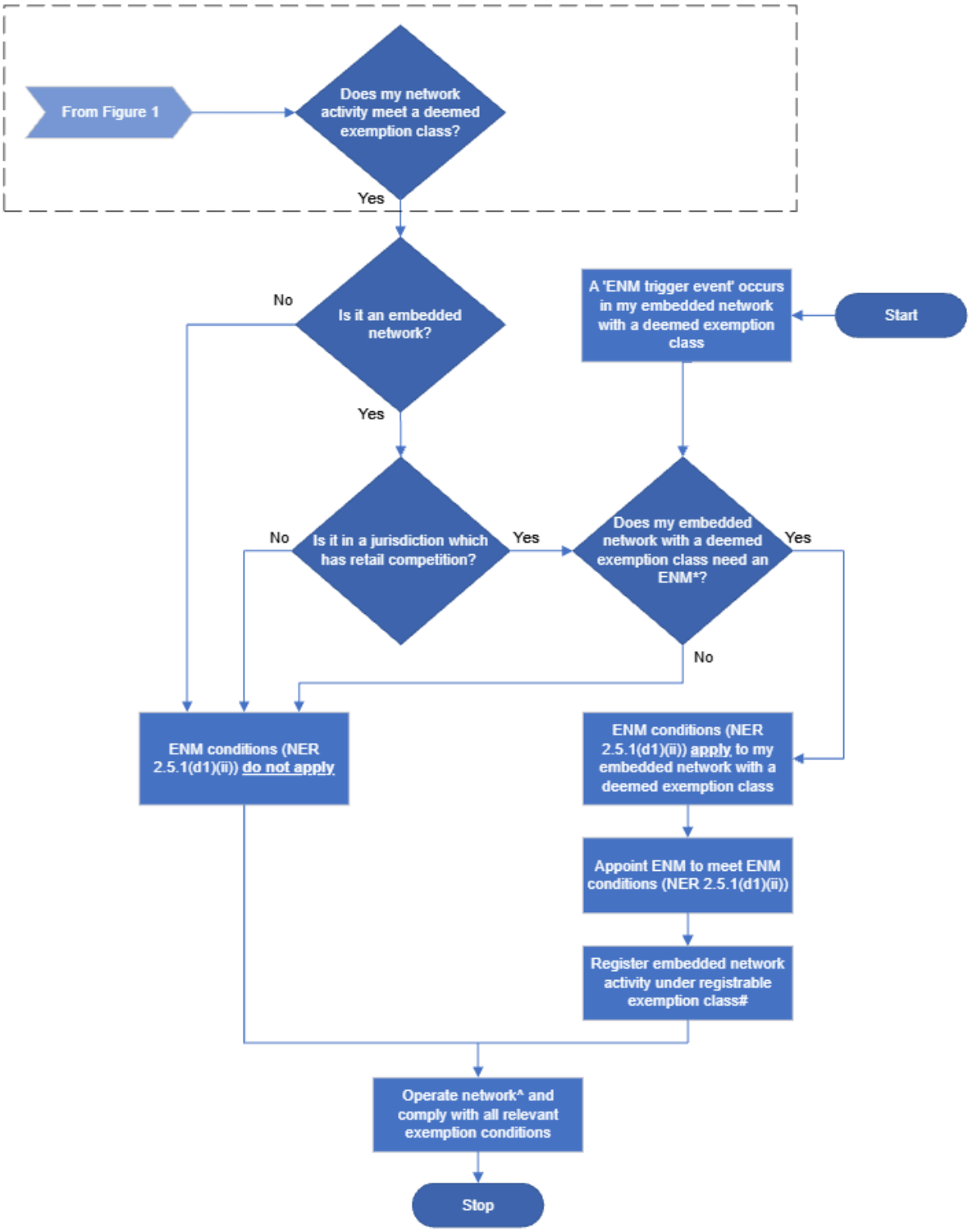


Figure 2 Does a deemed exemption apply?



** The AER online assessment tool[14] can be found on our website.*
^ Conditions are set out in this guideline as revised and issued from time to time.
# Condition 3.4 requires a deemed exemption holder in activity classes ND1 or ND2 to obtain a registrable exemption once an Embedded Network Manager is appointed.

[14] This interactive tool helps exemption holders assess if an Embedded Network Manager must be appointed: https://www.aer.gov.au/do-i-require-embedded-network-manager-enm

4.1 Deemed exemptions

Deemed exemption classes are usually for small-scale supply arrangements. These classes for electricity suppliers are considered to apply automatically without the need for an exempt network registration process with us – except for where an Embedded Network Manager is appointed.

The deemed exemption classes begin with ND (for example, ND3 and NDO1). Deemed exemptions apply to a range of electricity supply activities, including:

1. caravan parks or holiday parks that supply electricity to people for short-term accommodation
2. businesses that supply electricity to a related business
3. activities related to providing telecommunications and data centre services (for example, internet, telephone, television or other communications technologies).

A complete list of deemed exemption classes determined by the AER is set out in **Appendix A-1 (Tables 1 and 2)**.

No registration with the AER is required for a deemed exemption except where an Embedded Network Manager is appointed. How you obtain a deemed exemption is described in section 6.1. You can use Table 1 and Table 2 to assess your applicable deemed activity and exemption class.

> **Note**
>
> Deemed exemption classes are subject to conditions set out in **Appendix A-2**. Conditions apply to each deemed exemption class in this guideline as issued from time to time.

4.2 Registrable exemptions

Registrable exemptions apply to a range of electricity supply activities, including:

1. Persons supplying metered or unmetered electricity to small business customers within the limits of a site, via a network that they own, control or operate.
2. Persons supplying metered or unmetered electricity to residential customers within the limits of a site, via a network that they own, control or operate.
3. Persons supplying metered or unmetered electricity in retirement villages to residents within the limits of a site, via a network that they own, control or operate.
4. Persons supplying metered or unmetered electricity to residential customers in caravan and holiday parks, residential land lease parks and manufactured home estates who principally reside there.
5. Certain electricity generating systems and integrated resource systems (including battery storage) that are owned, controlled or operated by a third party and connected to the national grid via an exempt network's connection point.
6. Ongoing supply to a mining or primary production facility and associated residential, commercial, industrial, processing and ancillary support facilities in areas of restricted access to NEM supply.

Under a registrable exemption, each person is required to assess the exemption class(es) applicable to their electricity supply arrangement and then register via the registrable exemptions portal on the AER website.[15] These activity classes begin with NR (for example, NR1, NR2 and NRO1). Depending on your unique situation it is possible that more than one class may apply.

A complete list of registrable exemption classes determined by the AER is set out in **Appendix A-1 (Tables 3 and 4)**.

How you obtain a registrable exemption is described in section 6.2. You can use Table 3 and Table 4 to assess your applicable registrable activity and exemption class.

Note

Registrable exemptions are subject to conditions set out in **Appendix A-2** that must be complied with. Conditions apply to each registrable exemption class in this guideline as issued from time to time.

4.3 Individual exemptions

The AER may grant an individual exemption to a particular person for a network.[16] A person must apply to the AER for approval of an individual exemption. Section 6.3 explains how you get an individual exemption and the applicable eligibility requirements.

Individual exemptions are intended for new or novel activities or arrangements for which no activity class exists or where a variation of the conditions is needed. We will require a sound reason before varying our standard conditions that protect customers around access to retail competition, safety, metering, dispute resolution and pricing. Where an individual exemption is granted, the conditions imposed will aim to balance the needs and rights of customers with the compliance costs placed on the exemption holder.

We assess individual exemption applications on a case-by-case basis. We consider the unique circumstances of the applicant, the proposed network, site location, customers and any other factor that may be relevant to determining whether it would be consistent with the NEO and this guideline.

Note

Previous individual network exemptions granted by the AER must not be relied upon as an indicator (or precedent) that a similar type of application will be approved.

15 https://portal.aer.gov.au/self-registration/?type=exemptions

16 Section 13 of the NEL and clause 2.5.1(d) of the NER.

5 Who must hold the exemption?

The key factor determining if you must hold the exemption is whether you own, control or operate a network within a specific site[17] that supplies electricity to a third party. You must be registered with AEMO or be exempted by us if your network supplies electricity to a third party for each specific site, unless otherwise specified by us.

Only legal persons may hold an exemption.[18] A legal person includes an individual or a corporation. Unlike corporations, which are separate legal entities, trusts are not capable of holding an exemption. However, the trustees of such trusts may hold an exemption.

The exempt person is responsible for ensuring compliance with all relevant exemption conditions.

If you have a registered or individual exemption, you must notify us if the contact details for your authorised representative change.

5.1 Primary registrant – multiple parties associated with a network

In many cases one person will own, control and operate a network. In this circumstance, that person is responsible for registering and operating the network and complying with the exemption conditions.

Where the network owner arranges with another person to ‘control’ or ‘operate’ the network, the other person(s) must also register with AEMO or be exempted by us.

The terms 'own, control or operate' are not defined in the NEL or NER. A factual assessment would need to be considered as to whether a person will be regarded as ‘owning, controlling or operating’ an exempt network.

To help you understand whether you 'own, control or operate' a network, we typically interpret these terms as:[19]

- the 'owner' of a network will be anyone who has ownership rights or interests in relation to that network, either by agreement or by statute.
- the ‘controller’ or ‘operator’ of a network will be anyone who arranges to provide services normally associated with a Network Service Provider (NSP). This typically means specialist energy companies that provide services to exempt networks. It will not usually include parties who perform more minor functions around the network, such as performing isolated repairs or maintenance.

An ‘operator’ will be anyone who physically manages the network, whether remotely or on site. A ‘controller’ will typically be anyone who makes decisions on how the ‘operator’ runs the network.

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17 State and Territory laws generally prohibit private wiring from crossing a site boundary or public land without additional approvals from the relevant jurisdiction. Normally, only a DNSP is authorised to provide this service.

18 Section 11(2) of the NEL and clause 2.5.1 of the NER refer to the exemption of a person engaged in the activity of owning, controlling or operating a network.

19 These interpretations serve only as guidance and must not be construed as definitive interpretations of such terms. Users of this guideline should obtain their own legal advice if they are unsure whether these terms apply to them.

If more than one person owns, controls or operates a network and:

1. those persons are, or are of a class of persons who are, the subject of an exemption by the AER under section 11(2)(b) of the NEL and clause 2.5.1(d) of the NER, and
2. the relevant exemption is a registrable exemption, those persons may (but are not required to) nominate to the AER a 'primary registrant'.

The proposed 'primary registrant':

- may be any person who is the owner, controller or operator of a network[20]
- must be a person able to comply with the condition(s) applicable to the relevant exemption
- must be nominated by the other relevant parties under the approved exemption registration form on our website
- must comply with the condition(s) applicable to the relevant exemption, and
- may comply with certain conditions (as specified) on behalf of the other person(s) associated with the network.

The other person(s) must still register an exemption for that network with us and comply with the applicable exemption conditions, unless the nominated primary registrant is allowed to take carriage of specified obligations and does so.

Membership of ombudsman scheme[21]

Condition 1.13 requires an exempt person, if permitted, to be a member of an ombudsman scheme and comply with the requirements of that scheme. This condition may be discharged by the primary registrant nominated under section 5.1 of this guideline. If the primary registrant meets this condition, the other persons associated with the network are not required to meet this condition.

Annual reporting of customer numbers and notifying changes to authorised representative[22]

Condition 1.18 requires an exempt person in class NR2 to report annually on their customer numbers. Condition 1.19 requires an exempt person in a registrable class to notify updated contact details of their authorised representative within 20 business days of any changes.

Each of these conditions may be discharged by the primary registrant nominated under section 5.1 of this guideline. If the primary registrant meets condition 1.18 or 1.19 (as applicable), the other persons associated with the network are not required to meet this condition.

These are currently the only conditions for which a primary registrant may be nominated.

[20] The rights and responsibilities relating to the network are generally documented in an agreement or contract between the relevant parties.

[21] See Condition 1.13 in Appendix A-2.

[22] See Conditions 1.18 and 1.19 in Appendix A-2.

6 How do you get an exemption?

Sections 6.1 to 6.3 provide details on how you get an exemption.

6.1 Deemed exemptions

Deemed exemptions **are automatic**, provided you meet the criteria of the deemed class. This means you do not need to apply for or register an exemption with us but are 'deemed' to be exempt. If you meet a deemed exemption class and are required to appoint an Embedded Network Manager, **you must register** your network as a registrable exemption.

To determine if a deemed exemption applies:

1. Review the activity description and deemed exemption class(es) in **Appendix A-1, Tables 1 and 2** (whichever applies) and match it to your situation. Note the deemed exemption class(es) applicable.
2. Using **Appendix A-1, Tables 1 and 2** (whichever applies), identify which of the general and detailed exemption conditions apply to your network activity.
3. Read the general exemption conditions that apply to the exemption class identified (these are in **Appendix A-2** and numbered conditions 1.1 to 1.21).
4. Read the detailed conditions that apply to the exemption class identified (these are conditions 2 through to 9 in **Appendix A-2**).

Conditions apply to all deemed exemptions. You must comply with relevant conditions (see **Appendix A-2**). Conditions apply to each deemed exemption class set out in this guideline as issued from time to time.

6.2 Registrable exemptions

Registrable exemptions **are not automatic**. You can register an exemption via the registrable exemptions portal on our website.[23]

To determine if a registrable exemption applies:

1. Review the activity description and registrable exemption class(es) in **Appendix A-1**, **Tables 3 and 4** (whichever applies) and match it to your situation.
2. Using **Appendix A-1, Tables 3 and 4** (whichever applies), identify which of the general exemption conditions apply to your network activity.
3. Read the general exemption conditions that apply to the exemption class identified (these are in **Appendix A-2** and numbered conditions 1.1 to 1.21).
4. Read the detailed conditions that apply to the exemption class identified (these are conditions 2 through to 9 in **Appendix A-2**).

You must determine the registrable exemption class(es) appropriate for your electricity supply activities. If you are unsure, you should seek independent legal advice before registering an exemption.

Conditions apply to each registrable exemption class set out in this guideline as issued from time to time. You must comply with relevant conditions (see **Appendix A-2**).

[23] https://portal.aer.gov.au/self-registration/?type=exemptions

Where more than one registrable exemption class applies to a specific site you must select all classes that apply **in the same registration**. A separate registration must be completed for **each separate site** where you will own, control or operate an exempt network.

Relevant parties who consider a registrable exemption is applicable must complete the registration requirements within 20 business days of owning, controlling or operating an exempt network.

Details of multiple registrants for a specific site can be completed in the same registration. This may include any other person (such as agents or energy service operators) requiring a registrable exemption for their network activity.[24]

Your exemption registration comes into effect on the date it is published on our public register of network exemptions. Then it becomes a 'registered exemption'.

There is no approval process for registrable exemptions **except to convert an existing site to an embedded network** (known as a retrofit), where the process depends on the customer type at the site.

Note

Appendix C of this guideline outlines the eligibility requirements and approval processes (if applicable) for persons planning to retrofit an existing site.

You must not convert a site with residential customers until the AER approves your application.

Conditions apply to all registrable exemptions. You must comply with these conditions (see **Appendix A-2**). Conditions apply to each registrable exemption class as set out in this guideline as issued from time to time.

If a person seeks to vary any conditions associated with a registrable exemption, they no longer meet the requirements for a registrable exemption and may need to apply for an individual exemption.

You must advise us if your details change. For instance, you must notify us if you cease to be an owner, operator or controller of an exempt network for a site or amend the nature of your electricity supply activities (such as supplying electricity to large customers instead of small business customers, if not covered by your current registered exemption class(es)). Please send updates about your exemption by email to AERexemptions@aer.gov.au.

You must also notify us if the contact details for your authorised representative change[25] and should separately notify the energy ombudsman scheme in the jurisdiction where you supply electricity to residential customers.[26]

If you purchase a site from an owner who has a registered network exemption, the existing exemption will continue to apply to the site after the change of ownership has taken effect. In

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24 Also refer to section 5.1 on whether a 'primary registrant' is relevant for your unique circumstances.

25 The AER will contact the authorised representative if further information is required about the exempt network or site.

26 Under Condition 1.13, exempt network service providers must comply with their ombudsman scheme's membership requirements, which may include updating contact details when they change.

this instance, you do not need to register for a new exemption. However, if you intend to rely upon the existing exemption in respect of the site, you must notify us within 20 business days of the change in ownership taking effect. Updates must be submitted via the registrable exemptions portal on the AER website.

You must also notify the relevant energy ombudsman of the change of ownership if the site includes residential customers.

6.3 Individual exemptions

Where you seek an exemption and have assessed that you do not meet the deemed or registrable exemption requirements you can apply for an individual exemption. Individual exemptions are not required for common activities as these will mostly be covered by a deemed or registrable exemption. We reserve this category for new and novel situations or where a variation of conditions is considered necessary and desirable.

We recommend that you contact us if you are planning a network that would rely on an individual exemption. This will help you identify the information required for the application process and we can provide guidance relevant to your individual circumstances.

An individual exemption may be subject to a public consultation process in accordance with section 6.3.2 to ensure affected parties are notified and have an opportunity to make a submission for our consideration when deciding on any application.

6.3.1 Application process

Appendix B sets out the information that you must provide when applying for an individual exemption.

Providing false or misleading information (or omitting relevant information) in an application for the grant or variation of an individual exemption is a serious offence under the *Criminal Code Act 1995* (Cth).[27]

If your application includes confidential information, you must:

1. clearly identify anything you consider confidential
2. give reasons for each confidentiality claim
3. advise us of any potential disadvantage that disclosing the information might cause you, and
4. also submit a public version of your application.

The public version of your application must be detailed enough for public consultation – you must only remove genuinely sensitive information from your application.

A confidentiality claim, by itself, is not always enough to prevent disclosure. Under the NEL and the *Competition and Consumer Act 2010* (Cth), we may disclose confidential information in certain circumstances, for example, where disclosure is for the purposes of court or tribunal proceedings, or where the AER is of the opinion that the public benefit in disclosing

[27] Sections 136.1 and 137 of the *Criminal Code Act 1995* (Cth).

the information outweighs that detriment. For further information on the AER's policy on the collection, use and disclosure of information see the AER information policy.[28]

We will notify and consult you about any proposed release of confidential information consistent with the NEL, the CCA and the AER information policy.

You can find out how to submit your application on the AER website. We will review your application and contact you if there is incomplete or missing information. If you do not provide this information or resubmit a revised application within 12 months of receiving our feedback, we will consider your application to be withdrawn.

An application for an individual network exemption may be lodged together with an application for an individual retail exemption.

6.3.2 Public consultation process

Individual network exemptions may be subject to consultation with affected stakeholders before a determination is made. This consultation may affect only a small number of parties if a small exempt network is involved or, where an application has potential to affect larger groups of customers, it may involve a formal public process. The AER will decide the scope of consultation on a case-by-case basis.

Once we have received and accepted an application for an individual exemption, we will consider whether it raises matters that require public consultation. If so, we will:

1. publish a notice on our website stating that the application has been received, and
2. seek written submissions on the application from interested stakeholders.

The consultation period will usually run for 20 business days.

6.3.3 Assessing an application

When considering applications for individual exemptions, we will be guided by the National Electricity Objective (NEO), which is:

'to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- *price, quality, safety, reliability and security of supply of electricity; and*
- *the reliability, safety and security of the national electricity system; and*
- *the achievement of targets set by a participating jurisdiction*
  - *for reducing Australia's greenhouse gas emissions; or*
  - *that are likely to contribute to reducing Australia's greenhouse gas emissions.'*

We will advise you, in writing, of our decision. If your individual exemption application is approved, we will also advise you of the conditions attached to the individual exemption. You will need to formally accept those conditions before your individual exemption takes effect.

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28 https://www.aer.gov.au/publications/reports/corporate/aer-information-policy

6.3.4 Exemption refusal or revocation

We may refuse an application for an individual exemption, or we may revoke an exemption (including a deemed or registrable exemption) if, for example:

1. we believe that granting a new (or continuing an existing) exemption may not contribute to the achievement of the NEO[29]
2. there is any breach of our exemption conditions (**Appendix A-2**), or
3. you have provided us with false or misleading information.
4. Details about revoking an exemption are in section 8.2.

6.3.5 Coverage or scope of exemption

Most individual exemptions will be granted for a particular site or area and will limit the supply of electricity to a certain activity class or classes of customers. We will generally not grant an individual exemption that covers multiple sites. However, an individual exemption that covers a class of sites or multiple sites may be granted where we consider it is not inconsistent with the NEO.

We may impose a time limit as a condition on the grant or variation of an individual exemption. This will be determined by us on a case-by-case basis. If an expiry date is unstated as a condition of exemption, the grant or variation of the individual exemption will continue indefinitely, unless it is revoked or retired.

6.3.6 Change of circumstances

Your exemption will specify the type of network you may operate and the scope of your supply activities. It cannot be varied to cover another network or additional sites. You will need to apply for a new or separate individual exemption to do this. You must also contact us if your details change in any other way.

6.3.7 Change of ownership

If you purchase a site from an owner who was granted an individual exemption, you must submit a new individual exemption application for that site as set out in section 8.3. The site may continue to operate on the same basis as the old exemption (but to maintain services, the new owner, controller or operator will be deemed to replace the previous owner, controller or operator in the interim) until the new exemption is published.

We will assess whether an individual or registrable network exemption is appropriate for your circumstances. You must contact us as soon as practicable to discuss. **Appendix B** sets out the information you must provide when you apply for an individual exemption.

You must also notify the relevant energy ombudsman of the change of ownership if the site includes residential customers.

[29] This may apply if we consider the network is of a kind or scale which ordinarily would require the owner, operator or controller to register with AEMO as a network service provider (NSP).

7 Exemption conditions and compliance

7.1 Exemption conditions

The AER has the power under the NEL and NER to impose conditions in relation to the exemption of a class or classes of persons[30] supplying electricity to a third party.
All exemptions – registrable, deemed, and individual – have conditions you must meet.

Compliance with all the relevant conditions set out in this guideline is a **mandatory requirement** for an exemption to be valid. Non-compliance may result in revocation of the exemption and civil penalties in accordance with the provisions of section 11 of the NEL.

Broadly, there are 5 basic requirements for exempt networks. An exempt person must:

1. ensure that their network is safe
2. have a dispute resolution mechanism
3. ensure that network pricing is in accordance with this guideline
4. ensure that electricity meters:
   a) comply with the *National Measurement Act 1960* (Cth) requirements for electricity meters installed from 1 January 2013[31] and other applicable Australian standards, and
   b) installed from 1 December 2017 comply with the minimum services specification for advanced metering.[32]
5. provide ready access to retail competition where it is available in a jurisdiction.

These requirements are provided by way of **general conditions**[33] and **detailed conditions**[34] set out in **Appendix A-2**.

The conditions set out certain requirements in further detail (as applied to specific scenarios) and cover obligations relating to access to retail competition, distribution loss factors, pricing, appointment and reversion of an Embedded Network Manager, information provision and conversion (retrofitting) of an existing site. The general conditions (Part 1 of Appendix A-2) and detailed conditions (Part 2 of Appendix A-2) apply to all exempt networks unless modified by Table 1 to Table 4 in **Appendix A-1**.

30 Section 12(6) of the NEL and clause 2.5.1(d1) of the NER.

31 For further information, see https://www.industry.gov.au/national-measurement-institute/trade-and-industry/instruments-industry/utility-meters.

32 Where an ENM must be appointed in a State or Territory under this guideline, the current minimum services specification for new or replacement metering installations under Schedule 7.5 of the NER applies to all new exempt networks and to any rebuild of existing networks where more than 50% of the active metering installations are replaced.

33 Also referred to as general requirements.

34 Also referred to as specific requirements.

Note

All deemed and registered exemptions in force from the date of this document must comply with this guideline as issued from time to time.

Conditions apply to each deemed and registrable exemption class in this guideline as issued from time to time. If a person must register an exemption or amend the registration details of an exempt network because of any changes to this guideline, they must do so in accordance with this guideline

Individual exemptions are subject to the relevant conditions specified in the formal Instrument of Exemption granted by the AER on a given date and based on the version of this guideline in force at that time.

Conditions are designed to ensure relevant NER conditions apply and protect customers in exempt networks without unreasonably burdening persons owning, controlling or operating an exempt network.

You must also familiarise yourself with the relevant State or Territory obligations. Where State or Territory laws conflict with the conditions in this guideline, those State or Territory laws take precedence over this guideline's conditions.

7.2 Breaches of conditions

The AER has the power to revoke a network exemption as set out in section 8.2 of this guideline. This includes cases where there has been a material failure by a person to comply with applicable conditions of their exemption class(es). A person whose exemption is revoked by the AER cannot continue to own, control or operate a network without being registered as an NSP by AEMO. Doing so is a breach of section 11(2) of the NEL which is a tier 1 civil penalty provision and may attract civil penalties.

If a person who owns, controls or operates a network is a corporation, it may be held responsible for any actions of its officers and employees that result in a breach of certain provisions of the NEL or the NER. Additionally, if a corporation is found to have contravened a civil penalty provision, each officer who knowingly authorised or permitted the contravention is taken to have contravened the provision. Depending on the facts and circumstances, a person who owns, controls or operates an exempt network may also be held responsible for the actions of their agents.

For conduct that occurred on or after 1 July 2023 and involves Tier 1 civil penalty provisions, the maximum penalties[35] for a body corporate can include the greater of:

- $11,060,000, or
- if the Court can determine the value of any benefit reasonably attributable to the breach of the civil penalty provision that the body corporate has obtained, directly or indirectly – 3 times the value of that benefit, or

[35] Civil penalty amounts are to be indexed every 3 years from 1 July 2023 – see section 37A of the NEL and regulation 16 of the *National Electricity (South Australia) Regulations.* The AER publishes the indexed civil penalty amounts on its website (see https://www.aer.gov.au/civil-and-criminal-penalty-indexation).

- if the Court cannot determine the value of the benefit – 10% of the annual turnover of the body corporate during the 12-month period ending at the end of the month in which the body corporate breached, or began breaching, the civil penalty provision.

Possible AER enforcement responses to breaches of the NEL or NER may involve:

1. an administrative resolution (an agreement between the parties which does not rely on any particular provision of the NEL or NER), or
2. a statutory enforcement action (including issuing infringement notices of $15,000 for a natural person or $75,000 for a body corporate, enforceable undertakings and court proceedings, or a combination of these options).

For further information on our approach to breaches see the *AER compliance and enforcement policy*.[36] In addition to complying with your obligations under the NEL and NER and this guideline, you must comply with relevant legislation, including the competition provisions of the *Competition and Consumer Act 2010* (Cth).

[36] https://www.aer.gov.au/publications/reports/corporate/aer-compliance-enforcement-policy

8 Changes to exemptions

8.1 Condition variation

We may apply terms and conditions to an exemption.[37] If you hold an individual exemption, you will be subject to conditions. Variation of a condition involves varying the exemption itself. If circumstances change and you require a variation of conditions you will need to apply to us in writing and demonstrate that exceptional circumstances exist.

Note

In general, we consider **exceptional circumstances** to mean that varying conditions will significantly reduce (or prevent) a material detriment to customers.

The information you will need to provide in your application for a condition variation is in **Appendix B** and follows the same process as an individual exemption application (see section 6.3).

We will inform an applicant of our decision regarding the application for variation of an individual exemption. The individual exemption applies to an exempt person for a particular site from the time stated in a notice issued by the AER and entered on the public register of network exemptions.

8.2 Revoking an exemption

We have the power to revoke a network exemption,[38] and may do so on various grounds. This includes where we are satisfied there has been:

1. a material failure to meet the conditions imposed under your exemption
2. false or misleading conduct by you (or your authorised representative) about your eligibility for a network exemption at any time
3. other conduct by you that in our reasonable opinion causes your exemption to be inconsistent with the NEO.

We will consider these matters on a case-by-case basis as they arise, and consistent with the *AER compliance and enforcement policy*.[39]

Before we revoke your exemption we will:

- give you notice that we intend to revoke your exemption and the reasons for revoking it, and
- give you an opportunity to respond, in writing, within 10 business days of the notice, showing cause why the exemption should not be revoked and/or proposing what you will do to rectify the problem.

If we are not satisfied with your response, we will set a time and date for the revocation to take effect. We will publish our revocation decision on our website.

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37 Section 13(4) of the NEL and clause 2.5.1(d1)(2) of the NER.

38 Sections 20 and 41 of Schedule 2 to the NEL.

39 https://www.aer.gov.au/publications/reports/corporate/aer-compliance-enforcement-policy

A person whose exemption is revoked must cease their network activities. Failing to do so will breach section 11(2)(b) of the NEL, which prohibits owning, operating or controlling a network without AEMO registration, AER exemption or jurisdictional derogation.

If an exemption is revoked, network customers will be at risk of losing their electricity supply unless they can:

- obtain their electricity supply directly from a Distribution Network Service Provider (DNSP), or
- in rare circumstances involving high voltage (HV) supply, obtain supply directly from a Transmission Network Service Provider (TNSP), or
- otherwise find another person eligible to operate the network under a deemed, registrable or individual exemption.

Where revocation may place undue hardship on customers in an exempt network, we will seek to minimise the impact on customers while compliance action is taken. This may involve granting a limited individual exemption to operate the network under restricted conditions. We will assess this on a case-by-case basis.

8.3 Change or amendment of ownership, control or operation or cessation of an exemption

Where the network ownership, accountabilities or registration details change for a person with a registrable or individual exemption the responsible person must provide notice to us.[40]

The notice must be submitted via the registrable exemptions portal on the AER website. Updates must detail the change of circumstances and should be submitted at the earliest opportunity whenever an exempt network is to be subject to a transfer of ownership, change of registration details or restructure of accountabilities. If a notice is incomplete or missing necessary detail, we may require further detail be provided before the notice is accepted and acted on.

Our administrative process **does not involve the transfer of a registration**. We deactivate (or 'retire') the existing registration and make this historical.

If a person acquires an existing exempt network, they must:

- submit details of the change of ownership for a registrable exemption, or
- submit an application for an individual exemption

as per sections 6.2 or 6.3, as relevant. If this results in a transition period, the conditions for the operation of an existing exempt network continue to apply until we determine otherwise in response to a new online registration form or application.

Where an exempt network service provider will cease or ceases operations, the authorised representative(s) must notify us of the planned or actual date this will occur. We will deactivate the registration of the network exemption from the date specified in a notice.

If we receive advice from any other party that a person with an exempt network has ceased operation, we will attempt to contact the registered responsible person via email or phone to

[40] A notice is not required for a deemed exempt network.

confirm the status of the network. If no response is received within 20 business days, we may **deactivate the registration** of that network without further notice.

We may later determine to reactivate the registration, at our discretion, on the same or amended conditions. Alternatively, we may require that person to:

- complete a new online form for a registrable exemption, or
- apply for an individual exemption.

9 Retail exempt selling

Where the sale of electricity takes place, the party selling the electricity must be an authorised retailer or exempted under our *Retail exempt selling guideline*, wherever the Retail Law is in effect, or under the local jurisdictional requirements elsewhere.

We administer both the network and retail exemption processes and the retail authorisation process. The *Retail exempt selling guideline* sets out further information on retail exemptions or retailer authorisations, including classes of exemption and how to apply for a retail exemption.

New energy services[41] may involve multiple contractual or commercial arrangements associated with the sale, supply, storage or use of electricity. Whether a particular arrangement is subject to the retail exemptions framework, the network exemptions framework, both frameworks, or neither framework will depend on the facts and circumstances of the arrangement. You should seek legal advice or other professional advice in relation to your circumstances.

41 https://www.aer.gov.au/industry/registers/resources/reviews/review-consumer-protections-future-energy-services

Appendix A-1 – Classes of deemed and registrable exemptions

You are only required to register an AER deemed exemption where an Embedded Network Manager has been appointed. Section 6.1 describes the process to follow to obtain a deemed exemption using Table 1 and Table 2 below to assess your eligibility.

Table 1 Deemed exemption classes – electricity supply

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
ND1	Persons supplying metered or unmetered electricity to fewer than 10 small business customers within the limits of a site, via a network that they own, control or operate and where the supply activity commenced before 1 January 2026. Not applicable if an Embedded Network Manager is appointed or if the supply activity commences after 31 December 2025 (see exemption class NR1).	✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	✓	n/a	✓	✓	✓	✓	n/a	n/a	✓	✓	All, except 8, 9
ND2	Persons supplying metered or unmetered electricity to fewer than 10 residential customers within the limits of a site, via a network that they own, control or operate and where the supply activity commenced before 1 January 2026. Not applicable if an Embedded Network Manager is appointed or if the supply activity commences after 31 December 2025 (see exemption class NR2).	✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	✓	✓	All, except 8, 9

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
ND3	Persons supplying metered or unmetered electricity to occupants of accommodation on a short-term basis[42] within the limits of a site, via a network that they own, control or operate. Note: This includes hotels, motels, inns, holiday flats, holiday cabins, campsites, caravan parks and marinas.	✓	✓	✓	✓	✓	n/a	✓	n/a	✓	✓	✓	✓	n/a	✓	✓	✓	n/a	n/a	n/a	✓	✓	All, except 3.3, 8, 9
ND4	Metering installations (includes metering panels and associated sundry equipment but not including incoming sub-mains or outgoing service wiring). Not applicable to excluded metering installations.[43]	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	All, except 3.3, 8, 9
ND5	All supply of electricity via plug-in or rack mounted equipment in any premises. Includes NBN equipment in any premises with an input current rating not exceeding 3 amps AC. Not applicable to single user networks.[44]	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	All, except 3.3, 8, 9

42 Short-term basis means up to 180 days in any 12-month period but excludes occupants who primarily reside there – see activity class NR4.

43 No network exemption is required for an 'excluded metering installation', including within a 'single user network'. Refer to Glossary definition.

44 No network exemption is required for supply of electricity via plug-in or rack mounted equipment installed within a 'single user network'. Refer to Glossary definition.

Class	Activity	General and detailed exemption conditions																					
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
ND6	Persons supplying unmetered electricity to residential customers in Queensland where premises are not separately metered and the relationship with the customer is covered by the *Residential Tenancies and Rooming Accommodation Act 2008* (Qld).	n/a	n/a	✓	✓	✓	✓	✓	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	All, except 3.3, 8, 9
ND7	Deleted.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ND8	Persons supplying metered or unmetered electricity to a related company.	✓	✓	✓	✓	✓	n/a	✓	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	All, except 3.3, 8, 9
ND9	Any supply of electricity in conjunction with, or ancillary to, or to facilitate the provision of telecommunications/data centre services. Includes internet, telephone, mobile phone, fibre optic, hybrid fibre cable, television, radio, Wi-Fi or other communications technology.	n/a	n/a	✓	✓	n/a	✓	✓	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	All, except 3.3, 8, 9

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
ND10	Government and similar agencies, including their subcontractors but not including housing authorities or student accommodation, supplying metered or unmetered electricity to non-residential customers. Includes all educational institutions.	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	All, except 8, 9

Note: Classes of exemption labelled 'ND_' are 'network deemed' classes. For all classes: the AER does not support the supply of unmetered electricity to small customers, except we do permit this within camping and caravan parks and similar sites. State and Territory laws also apply and may impose additional requirements in some jurisdictions that must be observed. Conditions are set out in **Appendix A-2**.

Table 2 Deemed exemption classes – other situations

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NDO1[45]	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.[46] It also excludes small generating units classified as market generating units by a Small Resource Aggregator.[47] Not applicable to single user networks.[48]	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.3, 2.4, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, only

45 This class applies only to the network to which a generating system (GS) or integrated resource system (IRS) is connected. Generator and Integrated Resource Provider registration, exemptions and production unit classifications are administered by AEMO. Safety requirements for GS and IRS are determined by each jurisdiction. This class does not affect any other requirements under State or Territory legislation or the NER.

46 If the aggregate nameplate rating(s) of all third party GS or IRS (including any inverter-based resource) connected to the exempt network is, or increases to, 5 MW or more (or such other threshold as specified by AEMO from time to time), written evidence of AEMO's review of the GS/IRS is required to be eligible for this class. Ongoing compliance is required with any conditions of AEMO's exemption and with all requirements relating to the GS/IRS in the NSP's connection agreement with the exempt network service provider.

47 Refer to Glossary definition.

48 No network exemption is required for AEMO exempt generating systems or integrated resource systems installed within a 'single user network'. Refer to Glossary definition.

Class	Activity	General and detailed exemption conditions																					
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NDO2	Sites broadcasting television and radio signals.	n/a	n/a	✓	✓	n/a	✓	n/a	n/a	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.1, 4.2, 4.3, only
NDO3[49]	Persons supplying metered electricity to electric vehicle charging stations owned, operated or controlled by a third party, within an exempt network (for example, a privately owned charging station located in a public area, hotel, shopping centre, university).	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.3, 2.4, 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, 6.1, 6.2 only
NDO4	Temporary supply of electricity for the construction and commissioning phase of building, civil, construction, industrial, transport, mining or other projects. Note: This is applicable to incidental supply to bona fide construction and commissioning of new facilities on the same or an adjoining site.	n/a	n/a	✓	✓	n/a	n/a	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.3, 2.4, 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, 6.1, 6.2 only
NDO5	Persons who own, operate or control electric traction systems supplying electricity to passenger or freight vehicles and associated infrastructure (that is, rail networks) but not including commercial and/or retail activities.	n/a	n/a	✓	✓	n/a	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

[49] No network exemption is required if the charging facility is directly connected to an NSP.

Class	Activity	General and detailed exemption conditions																					
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NDO6	Large corporate entities.[50]	✓	✓	✓	✓	n/a	n/a	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.3, 2.4, 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, 6.1, 6.2 only
NDO7	Residential, commercial and industrial sites where AEMO exempt demand-side participation equipment and facilities are installed,[51] including the owners, controllers and operators of the equipment and facilities. Note: This excludes commercial and industrial sites where AEMO registered wholesale demand response equipment and facilities are installed. Not applicable to single user networks.[52]	✓	✓	✓	✓	✓	✓	✓	n/a	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.3, 2.4, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, only
NDO8	Wiring in buildings, or within residential parks or manufactured home estates[53], with multiple tenants/residents that connects those customers directly to a DNSP.	n/a	n/a	✓	✓	n/a	n/a	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

50 Refer to Glossary definition. The terms and arrangements for supply between 2 or more large corporate entities are not regulated. However, at the point of connection to the national grid the supply arrangements must conform to the reasonable requirements of AEMO and the local NSP for connection to the national grid.

51 Demand-side participation equipment is intended as a broad term which includes any form of customer load management capability (including solar, renewable energy, energy storage, load-control or other equipment) intended to assist a consumer manage their load impact on the national grid.

52 No network exemption is required for AEMO exempt demand-side participation equipment and facilities installed within a 'single user network'. Refer to Glossary definition.

53 This does not apply to residential parks or manufactured home estates that are configured as an embedded network – see class NR4.

Note: Conditions are set out in **Appendix A-2**. Classes of exemption labelled 'NDO_' are 'network deemed other' classes. The supply of network services in accordance with a commercial agreement between private parties is permitted for each category listed in Table 2.

Completion of an online form on the AER website is required for a registrable exemption. How you obtain a registrable exemption is described in section 6.2 and uses Table 3 and Table 4 to assess your applicable activity and exemption class.

Table 3 Registrable exemption classes – electricity supply

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NR1	Persons supplying metered or unmetered electricity to small business customers within the limits of a site, via a network that they own, control or operate. Additionally, persons that have appointed an Embedded Network Manager who would otherwise meet the ND1 class activity description.[54]	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	✓	n/a	✓	✓	✓	✓	n/a	✓	✓	✓	All, except 8, 9
NR2	Persons supplying metered or unmetered electricity to residential customers within the limits of a site, via a network that they own, control or operate. Additionally, persons that have appointed an Embedded Network Manager who would otherwise meet the ND2 class activity description.[55]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	All, except 8, 9

[54] Persons supplying metered or unmetered electricity to fewer than 10 small business customers, and the supply activity commenced **before** 1 January 2026, may rely on deemed exemption class ND1.

[55] Persons supplying metered or unmetered electricity to fewer than 10 residential customers, and the supply activity commenced **before** 1 January 2026, may rely on deemed exemption class ND2.

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NR3	Persons supplying metered or unmetered electricity in retirement villages to residents (homeowners and tenants) who principally reside there within the limits of a site, via a network that they own, control or operate.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	All, except 8, 9
NR4	Persons supplying metered or unmetered electricity in caravan parks, residential parks and manufactured home estates (also known as residential land lease communities) to residents (homeowners and tenants) who principally reside there within the limits of a site, via a network that they own, control or operate.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	All, except 8, 9
NR5	Persons supplying metered or unmetered electricity to large customers within the limits of a site, via a network that they own, control or operate.	✓	✓	✓	✓	✓	n/a	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	All, except 8, 9
NR6	Persons supplying metered or unmetered electricity to small customers at a site or premises adjacent[56] to a site, via a network that they own, control or operate.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	✓	n/a	✓	✓	✓	All, except 8, 9

[56] Adjacent sites include sites divided by an access way, easement, laneway or minor road.

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NR7[57]	Persons supplying unmetered electricity to small business customers at a site, via a network that they own, control or operate. **Closed to new registrants as this is a legacy class.**	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓	n/a	n/a	n/a

Note: Conditions are set out in **Appendix A-2**. Classes of exemption labelled 'NR_' are 'network registrable' exemption classes.

[57] Class NR7 excludes networks in Queensland that are deemed exempt under class ND6 in Table 1.

Table 4 Registrable exemption classes – other situations

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NRO1[58]	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.[59] However, excludes small generating units classified as market generating units by a Small Resource Aggregator.[60] Not applicable to single user networks.[61]	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	All, except 3.3, 8, 9

58 This class applies only to the exempt network to which a third-party generating system (GS) or integrated resource system (IRS) is connected. Generator and Integrated Resource Provider (IRP) registration, exemptions and production unit classifications are administered by AEMO. Safety requirements are determined by each jurisdiction. This class does not affect any other requirements under State or Territory legislation or the NER.

59 If the aggregate nameplate rating(s) of all third party GS or IRS (including any inverter-based resource) connected to the exempt network is, or increases to, 5 MW or more (or such other threshold as specified by AEMO from time to time), written evidence of AEMO's review of the GS/IRS is required to be eligible for this class. Ongoing compliance is required with any conditions of AEMO's exemption and with all requirements relating to the GS/IRS in the NSP's connection agreement with the exempt network service provider.

60 A Small Resource Aggregator is an Integrated Resource Provider who classifies small generating units or small bidirectional units (or any combination) at a market connection point.

61 No network exemption is required for AEMO exempt generating systems or integrated resource systems installed within a 'single user network'. Refer to Glossary definition.

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NRO2[62]	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[63] under Chapter 2 of the NER. Not applicable to single user networks.[64]	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	All, except 3.3, 8, 9

62 This class applies only to the exempt network to which the generating system (GS) or integrated resource system (IRS) is connected. Generator and Integrated Resource Provider (IRP) registration, exemptions and production unit classification are administered by AEMO. Safety requirements are determined by each jurisdiction. This class does not affect any other requirements under State or Territory legislation or the NER.

63 Ongoing compliance is required with all requirements relating to the GS/IRS in its AEMO registered performance standards and in the NSP's connection agreement.

64 No network exemption is required for AEMO registered generating systems or integrated resource systems installed within a 'single user network'. Refer to Glossary definition.

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NRO3	Ongoing supply to a mining or primary production facility and associated residential, commercial, industrial, processing and ancillary support facilities[65] in areas with restricted access to NEM supply. Note: This applies to all bona fide plant that can demonstrate these are remote from existing NEM infrastructure.	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	All, except 3.3, 8, 9
NRO4	Industrial, commercial and 'mixed–use' facilities but not including residential or electricity generation activity. Includes the metered or unmetered supply of electricity under an agreed commercial scheme negotiated with large customers.	✓	n/a	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	All, except 3.3, 8, 9
NRO5	Metered electricity selling to customers in networks with metering infrastructure enabling access to full retail competition in a jurisdiction.[66] **Closed to new registrants as this is a legacy class.**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	✓	✓	✓	✓	n/a	✓	✓	✓	All, except 3.3, 8, 9

[65] The term 'ancillary support facilities' is intended to be interpreted broadly to cover a wide range of sundry activities including, but not limited to, incidental supply to local residents, local tourism, communication, health, public safety and emergency services. Supply to such loads is permitted where the cost of supply by a local DNSP would be uneconomic.

[66] Activity class NRO5 formerly applied only to embedded networks where customers had access to full retail competition via 'child' metering registered under the AEMO applicable requirements. It did not apply where a customer arranged direct connection to a national grid NSP or where customers within a network did not have access to full retail competition. It is now closed and Table 1 or Table 3 applies.

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NRO6	Large Dedicated Connection Assets (30 km in length or more). **Closed to new registrants as this is a legacy class.**	✓	✓	✓	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	n/a	n/a	5.1, 9 only
NRO7	Dedicated Connection Assets (under 30 km in length)[67] (see definition in Glossary).	✓	✓	✓	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	n/a	n/a	5.1, 9 only
NRO8[68]	Other than a Primary TNSP, a Designated Network Asset (DNA) owner, controller or operator.	✓	✓	✓	n/a	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	n/a	n/a	5.1, 8 only

Table 5 Individual network exemption class

Class	Activity	General and detailed exemption conditions																				
		1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	2 to 9
NRI	Case-by-case basis.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	TBA

Note: Conditions are set out in **Appendix A-2**.

[67] Under the AEMC *Transmission Connection and Planning Arrangements* rule change (23 May 2017) these were called 'small dedicated connection assets'. However these are now called 'dedicated connected assets' as a result of the AEMC *Connection to dedicated connection assets* rule change (8 July 2021). Neither AEMC rule applies to Victoria.

[68] The AEMC *Connection to dedicated connection assets* rule change (8 July 2021), that introduced DNA, does not apply to Victoria.

Appendix A-2 – Exemption conditions

This section details the conditions which must be met for each exemption class. These conditions apply to exemptions granted by the AER under clause 2.5.1(d) of the NER.

This section outlines:

- conditions 1.1 to 1.21 – general exemption conditions
- conditions 2 to 8 – detailed exemption conditions.

Conditions apply for each exemption class and **Appendix A-1, Tables 1 to 5** identify the conditions that apply to each exemption class. Conditions are amended from time to time (via updates to this guideline). Any new or amended conditions will apply to existing deemed and registered exemptions. If conditions to an individual exemption specify that certain conditions of this guideline will apply, as amended from time to time, then such amended conditions will also apply to the individual exemption.

Part 1 General conditions

Condition 1.1 Compliant metering

All meters used to measure a customer's electricity within an exempt network must comply with the requirements of the *National Measurement Act 1960* (Cth) and regulations made under that Act for electricity meters and sub-meters and with the requirements set out in schedule 7.4 of the NER.

Metering arrangements for on-market customers within an exempt network must comply with all applicable current NER and AEMO requirements.[69]

Note: This condition applies to all metered electricity situations. It does not apply if an unmetered supply is permitted by the AER.

Condition 1.2 Paid electricity supply must be metered

All paid electricity supply provided by an exempt network service provider must be metered except where the AER has determined an unmetered supply is permitted.

Note: The AER does not approve unmetered supplies except in unique or exceptional circumstances. Metering is not required if no charge is levied for electricity supply costs (or if the charge is to recover costs for unrelated services) to a tenant or co-tenant.

Condition 1.3 Safety, reliability, security and emergency requirements

Exempt networks must be installed, operated and maintained by exempt network service providers as per:

a) requirements specified in the NSP's connection agreement[70]

b) requirements specified in the DNSP's Service and Installation Rules (SIRs)

c) jurisdictional requirements for the safety of persons and property[71]

d) NER requirements for the safe, reliable and secure operation[72] of the NEM as advised by AEMO[73]

e) good electricity industry practice and the relevant Australian Standards.

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69 Including for the installation and maintenance of a metering installation, the registration of meters, provision of metering data and (where necessary) the transfer of a customer to another retailer. These requirements are published by AEMO in a range of relevant accreditation, metrology and service procedures (as amended from time to time) and *AEMO's Guide to Embedded Networks*.

70 This includes providing the DNSP information relevant to the control, operation or maintenance of the network (such as demand forecasting data or details of the physical network infrastructure and assets).

71 This includes an industry Code or Guideline otherwise applicable to an NSP providing similar services. Some jurisdictions require large networks to establish a safety management plan (or similar) and maintain that plan with a safety authority or regulatory agency within that jurisdiction.

72 Exempt network service providers of exempt transmission networks; dedicated connection assets; designated connection assets; and any distribution networks operating at a nominal voltage of 11kV or more must consult AEMO on its safety, reliability and security requirements.

73 Exempt networks with a generating system or integrated resource systems (including any inverter-based resource) may be subject to mandatory AEMO load shedding in emergency situations. This is generally specified in the DNSP's connection agreement.

Condition 1.4 Design for loss of supply

In the event of a loss of supply, exempt network service providers must ensure that any generating system or integrated resource system (including inverter-based technology) connected or located within their exempt network must be designed to:

a) shutdown entirely, or

b) disconnect from the local DNSP's network (that is, 'islanded') and not reconnect except in accordance with arrangements approved by the relevant NSP.[74]

Condition 1.5 Sale of electricity

The sale of electricity within an exempt network must only be conducted by a person authorised to do so as per:

a) the Retail Law, if applicable, or otherwise

b) the regulations in force in that jurisdiction.

Condition 1.6 Dispute resolution

Where charges are to apply for services provided by, or in connection with, an exempt network, the following dispute resolution conditions apply:[75]

1. an exempt network service provider must develop and make a set of procedures detailing their procedures for handling complaints and disputes, and those procedures must be provided to customers as per condition 6.2.1.1(b)(ii), and
2. the procedures must be consistent with the Australian Standards as amended and updated from time to time

Note: See AS 10002:2022 Guidelines for complaint management in organizations as amended and updated from time to time.

3. in the event of a complaint or dispute concerning the supply of electricity to a customer, and in the absence of a determination of the relevant tenancy tribunal if the customer is a tenant, the exempt network service provider must:
    a) deal with the complaint or dispute as per the exempt network service provider's procedures for handling complaints and disputes
    b) make reasonable endeavours to resolve the dispute, and
    c) advise the customer:
        i) of any right the customer has to access an energy ombudsman (if applicable), including to lodge a complaint or for free independent information and advice, or any other external dispute resolution body in the State or Territory where the customer is located, and
        ii) of the telephone number and other contact details of the energy ombudsman (if applicable).

Note: A dispute resolution mechanism does not require AER approval. However, it must be of a type ordinarily applicable to disputes of the kind, be reasonably accessible, timely, and binding on the parties. Further, any costs incurred should not be excessive, unnecessary or disproportionate to the amount in dispute.

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[74] Applies whenever an exempt network contains a generating system or integrated resource system (including any inverter-based resource).

[75] Many jurisdictions also regulate charges for electricity in one or more residential, commercial, caravan and holiday park or residential land lease situations – check the legislation applicable in your State or Territory.

Condition 1.7 Aggregation of meter readings

1. An exempt network service provider may aggregate meter readings[76] for the same time periods when billing a customer if they:
    a) supply the customer at adjoining exempt network sites or multiple exempt network sites within a jurisdiction
    b) have a common supply arrangement with the customer for those exempt network sites, and
    c) have suitable metering[77] installed at those exempt network sites.

Note: An exempt network service provider or customer of one or more exempt networks may negotiate a bulk pricing arrangement with a willing retailer. Aggregated meter readings are not required but are permitted if a commercial agreement exists to do so. This condition does not require any Market Participant or AEMO to modify its systems or procedures to facilitate aggregation.

Condition 1.8 An exemption is not transferrable

An exemption is specific to the holder and applies to the activities for which it was granted or registered. An exemption held by a person cannot be extended or transferred to a related business or subsidiary (that is, to an entity with another ACN or ABN), unless there is a change in ownership of the site to which a registered exemption relates.[78]

Condition 1.9 Revocation or amendment of an exemption

The AER may revoke or amend an exemption at any time or may vary the conditions applicable to an exemption from time to time.

Condition 1.10 Life support customers

1. Where a customer provides an exempt network service provider with confirmation from a registered medical practitioner that a person residing at their premises requires life support equipment, the exempt network service provider must advise the:
    a) retailer (who is the financially responsible Market Participant) for the parent connection point of the embedded network that a person residing at the premises requires life support equipment, and
    b) life support customer's retailer for the child connection point of the embedded network (if the identity is known) or exempt seller for the child connection point (if different from the exempt network service provider), that a person residing at the premises requires life support equipment

The same process and obligations apply in relation to notification of deregistration of a life support customer.

2. An exempt network service provider must maintain records of any confirmation received from a life support customer and advice provided under sub-condition 1.10.1(a) and (b).

Note: Applies whenever electricity is supplied to a customer in an exempt embedded network.

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[76] This excludes the collection or management of meter reading and metering data required to support NEM settlement provided for under the NER.

[77] This requires meters that record electricity to the same accuracy class and equivalent time intervals, but not necessarily identical design.

[78] An exemption will continue to apply where a company has changed its trading name or ownership structure, as long as the legal entity remains the same.

Condition 1.11 Supply disconnection to a life support customer obligation

An exempt network service provider must not disconnect supply to a life support customer without making arrangements for the safety of a life support customer.

Note: Applies whenever electricity is provided across an exempt network to an eligible retail customer.

Condition 1.12 Obligation where an Embedded Network Manager is appointed

Where an exempt network service provider must appoint an Embedded Network Manager to comply with condition 2.1, the appointment must also comply with condition 6.

1. Where a customer is eligible under State or Territory legislation to purchase electricity from a retailer of their choice, the exempt network service provider must not do anything to discourage or prevent them from exercising this choice, whether by:
    a) requiring the customer to waive their ability to choose a retailer
    b) unreasonably hindering their efforts to find another retailer
    c) imposing a requirement for compensation for lost capital, income or profit by a customer exercising the right to access a market retail offer[79], or
    d) allowing, causing or permitting any other person to do any of the things mentioned in (a), (b) or (c) above

    and, except where the requirements of Appendix C have been met:

    e) an exempt network service provider or agent must not alter the electrical supply arrangement to a customer or tenant in an exempt network directly connected to a registered distributor without the explicit informed consent of that customer, resident or tenant, freely given, and[80]
    f) a customer, resident or tenant of commercial, industrial or residential premises must not be compelled to become part of an exempt network or subject to an exempt selling regime without the explicit informed consent of that customer, resident or tenant
2. Where condition 1.12.1 does not apply, an exempt network service provider must not prevent or unreasonably impede a customer, resident or tenant within the exempt network from obtaining, at their own cost, a direct connection to the local DNSP.

[79] This requirement does not apply to works necessary to modify an installation to accept an on-market metering installation.

[80] This requirement only applies to works which would alter the metering arrangements for a customer that result in that customer ceasing to have a direct connection to a distributor or which adversely affect access by that customer to their retailer of choice. General works to maintain or enhance supply are permitted.

Condition 1.13 Membership of energy ombudsman scheme obligation

1. An exempt network service provider must, if permitted by an energy ombudsman scheme:[81]
    a) be a member of, or subject to, an energy ombudsman scheme in the State or Territory where the exempt network is located, and
    b) comply with the requirements of that scheme.

The obligation imposed on an exempt network service provider by condition 1.13 may be discharged by the **primary registrant** nominated under section 5.1 of this guideline.

Condition 1.14 Payment difficulties and disconnection or de-energisation

This condition applies where an exempt network service provider bills their on-market customers for network costs separately to the sale of electricity. This does not apply when the exempt network service provider is also the customer's exempt seller.[82]

1. Where a customer informs the exempt network service provider that they are unable to pay network tariff bills due to financial difficulty, the exempt network service provider must:
    a) offer the customer a payment plan, and
    b) direct the customer to the Australian Government energy efficiency website or another information resource with energy efficiency advice
    c) give the customer information about relevant government or non-government energy rebates, concessions and relief schemes
    d) not charge the customer a late payment fee, and
    e) not charge the customer a security deposit.
2. Subject to condition 1.15, an exempt network service provider must not proceed with disconnection or cessation of electricity supply to a customer unless the following requirements have been met:
    a) the customer has requested disconnection, or
    b) continuity of supply to the premises would be unsafe, or
    c) the customer's tenancy/residency/agreement has ended and the customer is vacating the premises, or
    d) the customer has not paid a bill by the pay-by date, and has not agreed to a payment plan, or having agreed to a payment plan has failed to adhere to the plan, and:
        i) following non-payment by the pay-by date, the exempt network service provider has given the customer a reminder notice requesting payment by a date at least 6 business days from the date of issue of the reminder notice, and, in the case of residential customers, has offered the customer more flexible payment terms to pay any amount outstanding and has restated the forms of assistance available if the non-payment is due to financial difficulty
        ii) following non-payment by the date specified in the reminder notice, or, in the case of residential customers, the establishment of more flexible payment

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81 Consult 'Dispute resolution in exempt networks' on the AER website for more information on specific schemes.

82 Refer to Glossary definition. See condition 9.1 of the *Retail exempt selling guideline*.

terms, the exempt network service provider has given the customer a disconnection warning notice informing the customer that disconnection may occur if payment of the outstanding bill is not made by a date at least 6 business days from the date of issue of the warning notice

iii) the exempt network service provider has, after issuing the disconnection warning notice, used its best endeavours to contact the customer in person or by telephone in connection with the failure to pay, and

iv) the customer has, by the date specified in the disconnection warning notice, refused or failed to take any reasonable action towards settling the debt.

3. A reminder warning issued pursuant to condition 1.14.2(d)(i) must:
   a) state the date of its issue
   b) state the date on which the reminder notice period ends, and
   c) include details of the exempt network service provider's telephone number for complaints and disputes.
4. A disconnection warning notice issued pursuant to condition 1.14.1(d)(ii) must:
   a) state the date of its issue
   b) state the date on which the disconnection warning period ends
   c) inform the customer of applicable re-connection procedures and (if applicable) that a charge will be imposed for reconnection
   d) include details (where applicable) of the existence and operation of the energy ombudsman, including contact details, and
   e) include contact details for the exempt network service provider.
5. Where a customer is disconnected as per paragraph 1.14.2(b) of this condition, the exempt network service provider must use its best endeavours to notify the customer in person or by telephone prior to the disconnection and must arrange for reconnection of the premises as soon as practical.
6. This condition does not apply where State or Territory legislation sets out the process and requirements for the disconnection or cessation of electricity supply by the exempt network service provider on the basis that they are a landlord, body corporate or similar.

Condition 1.15 When disconnection or de-energisation is prohibited

1. An exempt network service provider must not disconnect or cease electricity supply to a customer's premises where:
   a) a person residing at the customer's premises requires life support equipment that depends on electricity for its operation
   b) an application has been made by or on behalf of the customer for assistance to an organisation responsible for a rebate, concession or relief available under any government or non-government funded energy charge rebate, concession or relief scheme and a decision on the application has not been made
   c) the customer has made a complaint directly related to the proposed reason for disconnection or de-energisation to the exempt network service provider, the energy ombudsman or another relevant external dispute resolution body and the complaint remains unresolved, or
   d) the disconnection or de-energisation would occur on:
      i) a business day before 8 am or after 3 pm
      ii) a Friday or the day before a public holiday
      iii) a weekend or a public holiday, or

iv) the days between 20 December and 31 December (inclusive) in any year.

2. The exempt network service provider must contact its distributor to ask whether disconnection of a retail customer in the relevant jurisdiction would be prohibited on that day due to extreme weather conditions. Where the DNSP confirms that the disconnection of a retail customer would be prohibited on that day, the exempt network service provider must not disconnect the customer's premises.
3. This condition does not apply where the customer has requested disconnection.
4. This condition does not apply where continuity of supply to the premises would be unsafe.
5. This condition does not apply where the electricity supply agreement between the exempt network service provider and customer has been terminated.

Condition 1.16 Reconnection or re-energisation

This condition applies where an exempt network service provider bills their on-market customers for network costs separately to the sale of electricity. This does not apply when the exempt network service provider is also the exempt seller[83] to the customer.

1. Where a customer is disconnected as per conditions 1.14 and 1.15 and the customer makes a request for reconnection, the exempt network service provider must reconnect the premises as soon as practical after a request for reconnection is made. A customer request for reconnection may be made 10 business days after disconnection, or as soon as the matter that led to the disconnection is rectified, and
    a) any charges for reconnection are paid, and
    b) if the customer still has outstanding amounts owed under the customer's electricity account, the customer agrees to enter into a payment plan with the exempt network service provider.
2. Subject to condition 1.16.1, the exempt network service provider must reconnect the premises (or, where required, arrange with the DNSP to reconnect the premises) as soon as practical, and no later than two business days from when the request was made.
3. Subject to condition 1.16.1, the exempt network service provider cannot refuse to supply a customer on the grounds that they owe outstanding amounts on their electricity account.

Condition 1.17 Continuity of supply

1. This condition applies where an exempt network service provider becomes aware of an actual, or likely risk of, disconnection at the parent connection point due to a failure of a party (the **failing seller**) selling electricity to customers of an embedded network.[84] In that event, the exempt network service provider must:
2. Immediately notify all embedded network customers and the AER of the actual, or likely risk of, disconnection and the actions it is taking to ensure continuity of electricity supply
3. Take such actions as set out in condition 1.17.1 as soon as practicable, including such further or revised actions reasonably required by the AER by written notice which may include:

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83 Refer to Glossary definition. See condition 9.1 of the *Retail exempt selling guideline*.

84 For example, this risk of disconnection may arise where an authorised retailer or exempt seller (the failing seller) who sells electricity to off-market customers within the embedded network, also has a supply contract at the parent connection point with a financially responsible Market Participant (FRMP) for the purchase of electricity from the National Electricity Market for the whole site. A risk of disconnection may arise where the FRMP has a right to de-energise the parent connection point under that supply contract due to payment default by that failing seller.

a) taking reasonable steps, where appropriate,[85] to identify an alternative authorised retailer/exempt seller to replace the failing seller in the purchase and sale of electricity to ensure continuity of electrical supply to customers of the embedded network, and

b) giving notice to customers and the AER of such alternative authorised retailer/exempt seller, and

c) giving details of all customers who have provided their written consent to do so to the alternative retailer/seller.

Condition 1.18 Reporting requirement

An exempt network service provider must report to the AER[86] between 1 July and 31 July each year their updated number of residential customers.

The obligation imposed by condition 1.18 may be discharged by the **primary registrant** nominated under section 5.1 of this guideline.

Note: Applies after 1 July 2026 and only to exemption class NR2.

Condition 1.19 Notification requirement

An exempt network service provider must notify the AER within 20 business days of any changes to contact details of their authorised representative, including their name, email address and telephone number.

The obligation imposed by condition 1.19 may be discharged by the **primary registrant** nominated under section 5.1 of this guideline.

Note: Applies to all registrable exemption classes.

Condition 1.20 Confidentiality of metering data

This condition applies where an exempt network service provider collects, stores or otherwise handles metering data in an exempt network. The ENSP must keep all metering data confidential and must use reasonable endeavours to protect and preserve the confidential nature of that metering data.

The ENSP must at all times comply with any applicable jurisdictional legislation, including privacy legislation.

1. The exempt network service provider must:
   a) not disclose a customer's metering data to any person except as permitted under this guideline or the NER
   b) only use or reproduce metering data for the purpose for which it was collected, or another purpose permitted by this guideline or the NER
   c) prevent unauthorised access to metering data
   d) not disclose metering data without the explicit informed consent of the relevant customer
   e) ensure that metering data is handled consistently with the customer's explicit informed consent and all applicable jurisdictional legislation.
2. This condition does not prevent the exempt network service provider from:

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[85] The AER may consider it appropriate that the exempt network service provider assist customers in identifying an alternative seller to assume obligations to purchase electricity at the parent connection point from the FRMP for the exempt network and on-sell that electricity to customers if the existing seller within the embedded network is, for example, insolvent, being wound up or ceasing to operate.

[86] Indicators are to be reported in a manner determined by the AER from time to time, as published on our website.

a) disclosing or using metering data that is publicly available (other than due to a breach of confidence)

b) disclosing metering data to:

i) its employees, agents or related bodies corporate, or

ii) legal, professional or technical advisers, auditors or consultants, provided such persons require the data for compliance or advisory purposes and are subject to applicable jurisdictional legislation

c) Disclosing or using metering data with the explicit informed consent of the customer

d) Disclosing metering data as required by law, including to any government or governmental body, authority or agency having jurisdiction over the exempt network service provider

e) Disclosing, using or reproducing metering data:

i) for legal proceedings, arbitration, expert determination or other dispute resolution mechanism

ii) which is trivial in nature

iii) to protect the safety of personnel or equipment

iv) for financing, investment, or disposal of the exempt network service provider's network assets, to the extent reasonably required.

3. Where disclosure is made under condition 1.20(1)(d) or (e), the exempt network service provider must:

a) inform the recipient of the confidential nature of the metering data, and

b) use reasonable endeavours to ensure that the recipient keeps the data confidential.

Note: Applies from 1 July 2027.

Condition 1.21 Security of metering installations

This condition applies where an exempt network service provider is responsible for a metering installation at a child connection point within an embedded network.[87] For the purposes of this condition, the exempt network service provider is deemed to be, and must undertake the role of the 'Metering Coordinator' where mentioned in schedule 7.4 of the NER.

1. The exempt network service provider must ensure that the metering installation is secure and that associated links, circuits and information storage and processing systems are protected by security mechanisms.
2. If an exempt network service provider becomes aware that a seal protecting metering equipment for a child connection point has been broken, the exempt network service provider must ensure that the broken seal is replaced no later than:

a) the first occasion on which the metering equipment is visited to take a reading, or

b) 100 days.

3. The costs of replacing broken seals are to be covered by the exempt network service provider.
4. If it appears that as a result of, or in connection with, the breaking of a seal, the relevant metering installation may no longer meet the applicable standard of accuracy in schedule 7.4 of the NER, the exempt network service provider must ensure that metering installation is tested.

[87] This requirement does not apply to market metering installations owned, controlled or operated by another party.

5. If a metering installation tested under condition 1.21(4) is found to be deficient, the costs for repair or replacement must be covered by the exempt network service provider.

Note: Applies from 1 July 2027.

Part 2 Detailed conditions

2 Access to retail competition conditions

Condition 2.1 Retail competition – access requirement

Where a retailer accesses an existing embedded network child meter (off market), the retailer or the customer (as the case may be) may purchase or lease the existing meter from the owner of the meter or replace the meter at their own cost.

If a decision is made to purchase or lease the meter then the cost of this, and the arrangements to access meter data, are to be determined at the discretion of the retailer or customer. In the event of a meter replacement, no compensation is payable to the exempt network service provider for the unrecovered cost of the replaced meter.

An exempt network service provider must provide access on reasonable terms to all necessary facilities to allow a customer to have another child meter installed to obtain supply from a market retailer. Where access to retail competition by parent and child metering is not available in a State or Territory, an exempt network service provider must not unreasonably prevent an embedded network customer from arranging a direct connection to a local DNSP at their own cost.

Condition 2.2 Prohibition of measures which impede competition

An exempt network service provider must not impose any direct or indirect measures[88] on a customer which would impede or penalise their access to retail competition.

An exempt network service provider is not entitled to receive, and must not impose a requirement for, compensation on a person, owners corporation, body corporate, strata corporation, landlord, resident, tenant or trust for the loss of capital, income or profits however it arises resulting from the exercise of a customer of the right to access an alternative retail market electricity price offer.

A supply contract must not include any charge for early termination of the supply agreement or any condition which unreasonably restricts the ability of a consumer to access an alternative retail market offer or that requires the exempt network service provider to be the sole supplier of any metering related service.

Also, an exempt network service provider must not seek an advance fee or a rebate from any other person:

1. in connection with the provision of Embedded Network Manager services; or
2. to secure a right to provide services to an exempt network.

[88] These may be either physical, financial or contractual.

Condition 2.3 Meter accuracy testing, billing disputes, maintenance and operation

In the event of a billing dispute, an exempt network service provider must inform a customer of the right to request a meter test. A copy of the notice must be retained by the exempt network service provider and be available for inspection on our request. If requested in writing by a customer to perform a metering test, the exempt network service provider must demonstrate that the metering installation is accurate to the applicable standard specified in schedule 7.4 of the NER. If the customer does not request testing or waives the right to testing, the meter is deemed to be accurate.

An offer to conduct a metering test must be in writing, declare any cost to be incurred by the customer if the meter is found to be accurate, and state the customer bears no cost if the metering installation is found to be deficient in any material respect.

For the purposes of this condition, a metering installation is deficient if:

- the metering installation is not installed or maintained to the appropriate standard,
- the metering installation is not accurate to the applicable standard in schedule 7.4 of the NER, or
- a defect exists in the metering installation that affects the accuracy or timeliness of metering data obtained from the metering installation.

If the metering installation is deficient, costs for repair or replacement must be covered by the exempt network service provider.

The reasonable cost of testing may be recovered from a customer if:

1. the meter is tested and found to be accurate
2. the metering installation has been installed to an appropriate standard
3. the metering installation has been maintained to current NER standards up until the time of testing
4. there is no evidence of a material defect as stipulated above, and
5. the customer requested in writing that the meter be tested.

Testing may require that the exempt network service provider arrange for a specialised electrical contractor to install a calibrated ‘check meter’ for a period to compare the readings of your metering with the check meter.

Wherever a meter is required to be installed, an exempt network service provider must operate and maintain a metering installation which they own, control or operate as per the requirements of schedule 7.4 of the NER.

For the purposes of this condition, the exempt network service provider is deemed to be, and must undertake the role of, the 'Metering Coordinator' where mentioned in schedule 7.4. This requirement does not apply to market metering installations owned, controlled or operated by another party.

Condition 2.4 Metering installation

This condition applies to new or changed (repaired or replaced) child metering installations within an existing exempt network.

An exempt network service provider must repair or replace a deficient child metering installation[89] at their own cost except where the:

1. customer has not sought to take advantage of a market retail offer
2. child meter existed on 1 January 2012 and has not been changed since
3. child meter was installed on or after 1 January 2012 and complied with the requirements of schedule 7.4 of the NER in force when commissioned or first used
4. customer, their retailer or other person replaces the child meter of their own volition and at their own cost.

Where the customer has no child meter, the exempt network service provider must install one that complies with the requirements of schedule 7.4 of the NER at their own expense.[90]

The requirements to pay for a child meter are summarised as follows:

Table 6 Payment for child meters

Situation	Who pays?
Child meter **existed before 1 January 2012** and has not been changed since	Customer (or their retailer)
Child meter installed **on or after 1 January 2012** and complied with NER at that time	Customer (or their retailer)
Child meter replaced by customer (or their retailer/other person) at their own volition and cost.	Customer (or their retailer)
Child meter repaired or replaced because it was deficient (see condition 2.3)	Exempt network service provider
Child meter installed because none existed	Exempt network service provider

89 As defined in condition 2.3.

90 Existing registered unmetered installations are not required to be upgraded. In all other circumstances the AER requires meters or sub–meters to be installed to measure the electricity supplied to a customer.

3 Access to retail competition in embedded networks conditions

These conditions apply only in jurisdictions that mandate competition for customers (or persons proposed to be) connected to an embedded network.[91] This condition includes any embedded network that would otherwise be deemed exempt.

Condition 3.1 Appointment of an Embedded Network Manager

The exempt network service provider of an embedded network site must appoint an Embedded Network Manager as specified in condition 3.2, subject to the further requirements in condition 6.

Condition 3.2 Embedded Network Manager appointment trigger conditions

An exempt network service provider of an embedded network site with 30 or more customers in a relevant activity class must appoint an Embedded Network Manager. This condition applies to each embedded network site. The relevant exemption activity classes[92] which require early appointment of an Embedded Network Manager are mostly those involving:

- small and large residential customers, and
- commercial and industrial customers.

For relevant exemption activity classes, and as set out in clause 2.5.1(d2) of the NER, if an Embedded Network Manager trigger condition arises, the exempt network service provider must appoint an accredited Embedded Network Manager. To avoid doubt, if an embedded network contains an on-market customer then the exempt network service provider must appoint an Embedded Network Manager.

If an exempt network service provider is not an accredited Embedded Network Manager, it must appoint an accredited Embedded Network Manager for a relevant exemption activity class in an embedded network.

Condition 3.3 Small size network threshold[93]

An Embedded Network Manager does not need to be appointed where less than 30 small residential customers[94] or small business customers[95] propose to be, or are, connected to an embedded network. However, if an Embedded Network Manager trigger event occurs, the exempt network service provider must appoint an Embedded Network Manager.

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91 It does not apply in any region of a State or Territory where access to retail competition is not mandated by that State or Territory.

92 These include activity classes ND10, NR1, NR2, NR3, NR5 and NR6. For other activity classes not listed here, we have determined that the costs will outweigh the benefits of early appointment of an ENM. For example, for ND3 (short-term accommodation common in tourism with transient customers) and NR4 (residential land lease and manufactured home sites where customers are protected by jurisdictional price controls) costs would likely exceed any benefits from early ENM appointment.

93 We have determined under clause 2.5.1(d2) of the NER to exempt some activity classes from early appointment of an Embedded Network Manager based on size due to transaction costs in smaller networks (with less than 30 customers such as ND1 and ND2) making it less viable.

94 In activity classes ND2, NR2, NR3 and NR4.

95 In activity classes ND1, ND10, NR1 and NR6.

An **Embedded Network Manager trigger event**[96] occurs when a small customer or a retailer notifies the exempt network service provider they have entered a market retail contract for the sale of electricity at the relevant child connection point and the cooling off period for that market contract has expired.

If the exempt network is registered with the AER, the notice may be addressed to the address recorded in the public register of network exemptions. The notice may be in writing or delivered electronically by email or SMS.

An exempt network service provider must appoint an Embedded Network Manager **within 30 business days** of an Embedded Network Manager trigger event occurring.

As the timeframe for actions required to appoint an Embedded Network Manager is limited, all parties should communicate electronically, either by email or SMS communication or other similar means, wherever possible.

Note: This condition does not prevent an exempt network service provider voluntarily appointing an Embedded Network Manager to an embedded network with less than 30 small customers if desired.

Condition 3.4 Registration required when an Embedded Network Manager is appointed

When an Embedded Network Manager is appointed to an embedded network site, the exempt network service provider must ensure that they are registered in the relevant exemption class(es). An existing deemed activity class (ND)[97] must be updated to a relevant registrable activity class (NR).[98] An existing registered activity class may also need to be amended to reflect changes to activities.[99] The exempt network service provider must lodge an amendment with the AER within 20 business days of the appointment of the Embedded Network Manager.[100]

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96 In this condition the term 'ENM trigger event' is used for convenience. It must not be mistaken for the similar term defined in the NER: *ENM conditions trigger*.

97 See deemed exemption classes ND1 and ND2 in Table 1 of Appendix A-1.

98 See registrable exemption classes NR1 and NR2 in Table 1 of Appendix A-1.

99 Such as changes in the number and/or type of customers for the relevant registrable exemption class(es).

100 See Figure 2 in section 6 of this guideline.

4 Distribution loss factor conditions

These conditions relate to the determination and application of distribution loss factors (DLFs) in embedded networks. The NER requires DNSPs to calculate DLFs[101] for their distribution network connection points. In an embedded network the DNSP does not directly supply electricity to the child connection points, the exempt network service provider does. This section sets out conditions for DLFs in embedded networks to ensure the application of DLFs is clear.

Condition 4.1 Standard loss factor approach

If the load or combined load as calculated at the parent connection within an embedded network results in a small load,[102] this condition applies.

The DLF for each child connection point in a small embedded network at a site will be:

1. the published DLF[103] that would be applied by the local DNSP at the connection point if the DNSP were supplying electricity to the customer directly, or
2. if the published DLF is unavailable under 4.1.1, the DLF that is determined by the DNSP for the relevant parent connection point for the small embedded network.

Condition 4.2 Large loads, distribution connected units and site-specific loss factors

This condition applies if the load, or combined load, as calculated at the parent connection point within an embedded network results in a large load,[104] or if the embedded network contains a large distribution connected unit.[105]

An exempt network service provider may calculate a site-specific DLF as per clause 3.6.3(b)(2)(i) of the NER, and using the methodology published by the relevant DNSP, if the:

1. load (or combined load) is more than 40 GWh annually, or
2. sent out generation of distribution connected units (or combined distribution connected units) is more than 10 MW annually.

Where the DNSP's DLF methodology is not suitable for this purpose, the exempt network service provider and connecting party may jointly approach the AER to approve an alternative methodology to determine how electrical losses will be allocated between the parties.[106] Approval is subject to the AER's discretion, and we will consider if there is a material impact on the rights of another party that would result under the proposed alternative methodology.

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101 Determined under clause 3.6.3 of the NER.

102 Under clause 3.6.3(b)(2)(i)(B) of the NER, a 'small load' is any load or a collection of loads which, in total, is less than 10 MW peak demand or 40 GWh annually.

103 See https://www.aer.gov.au/publications/reports/compliance, select the category 'Distribution loss factors' and the most recent year.

104 Under clause 3.6.3(b)(2)(i)(B) of the NER, a 'large load' is any load or a collection of loads which, in total, is more than 10 MW peak demand or 40 GWh annually.

105 Under clause 3.6.3(b)(2)(i)(A) of the NER, a 'large distribution connected unit' is one with actual generation of more than 10 MW annually.

106 This may occur where the size of a generating system is very close to the load served. This is because under the mathematical formulae sometimes used in these calculations a problem of division by a small number can arise. This can cause an unrealistic value for the loss factor to be calculated.

Condition 4.3 Annual DLF approval requirements

DLFs calculated in accordance with condition 4.2 must be approved annually by the AER under clause 3.6.3(i) of the NER. DLFs submitted to the AER for approval to be used for NEM settlement[107] must be audited by an independent specialist advisor. Our audit requirements vary for private settlement and market settlement as set out in this section.

Condition 4.3.1 Large corporate entities and large customers applying charge group C

This provision applies where a large corporate entity or large customer applying charge group C under condition 5.1 has connected to an embedded network. The parties may have in place private commercial agreements that set a static DLF or a dynamic DLF (that is, varies over time, including annually) calculated as per a methodology agreed between these parties:

1. Annual approval of the DLF applicable to the metering installation is required under clause 3.6.3(i) of the NER and is subject to publication by the AER and AEMO.
2. AER approval of the privately agreed DLF methodology **is not** required.
3. An audit is not necessary if settlement is handled privately. Annual DLF reporting is required for:
    a) a dynamically calculated DLF value
    b) a static agreed DLF value.

Condition 4.3.2 Market settlement audit requirement

Where there are small customers and condition 4.1 does not apply, or a DLF is needed for NEM settlement, the DLF calculated by an exempt network service provider is subject to the AER's annual audit requirements which are:

1. annual approval of the DLF applicable to the metering installation under clause 3.6.3(i) of the NER and publication by the AER and AEMO
2. AER approval of the privately agreed DLF methodology (or where a methodology is later amended), and
3. an independent audit.

DLFs submitted to the AER for approval must include the data used and calculations made which have been checked and certified as accurate by an independent specialist adviser (such as accountant or engineer). The auditor's report must accompany the annual submission which must be submitted to us by 15 March each year or any other date we advise in writing.

[107] AEMO is responsible for NEM settlement.

5 Pricing conditions

When registering a network exemption you must select a pricing arrangement (Charge group) that most applies to customers of your exempt network, dedicated connection asset or designated network asset.[108]

Condition 5.1 Charge groups

Table 7 summarises the charge groups available for exempt networks.

Table 7 Summary of exempt network pricing arrangements

Charge group	Description	Situation/Customers
A	Bundled tariff (electricity tariff plus external network charge)	All retail selling in exempt networks with small and/or large customers.
B	External network charge only[109]	− Passing-through charges directly linked to a specific small or large customer, or − No more than the DNSP's regulated charge to directly serve the same small or large customer (see condition 5.2).
C[110] (includes A and B unless specified)	Commercially agreed charges between large electricity users	Eligible exemption classes[111] with large customers or large corporate entities
D	Separate charge for exempt network facilities	Restricted to eligible registered and individually exempted networks.[112]

Note

Group groups A, B, C and D also include **rebates for generation** in an exempt network. This applies where exempt customers generate and export excess electricity to the NEM via embedded generation systems or integrated resource systems.

Credits earned by an exempt network service provider for electricity exported to the NEM must be rebated to the respective system owner/s in proportion to the credits earned. This does not apply if the exempt network service provider and system owner(s) have an agreement for the reallocation of such credits. For example, a retirement village may develop a community scheme whereby each resident with a PV system surrenders their rights to the credits earned.

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108 Only the dominant applicable charge group must be selected. We treat Group A and B as a single category (Group A/B) which applies to most normal retail activity.

109 This excludes costs to appoint an Embedded Network Manager, internal network services and services which a DNSP would not charge a customer in the same circumstances under a standard connection contract.

110 Does not apply to small residential, retail, industrial or commercial customers or large customers who have not agreed an alternative pricing arrangement. Charge Group A or B must be used for these customers. No restrictions apply for large corporate entities and exemption classes NRO6, NRO7 and NRO8. These parties must reach an agreed commercial solution or follow a dispute resolution process.

111 Applies to all network charges for classes NDO1, NDO2, NDO3, NDO4, NDO5, NDO6, NDO7, NR5, NRO1, NRO2, NRO3 and NRO4 and individual exemptions approved by the AER under Appendix B of this guideline. It also applies to classes NRO6, NRO7 and NRO8.

112 Reserved for individual exemptions only. A person seeking a commercial return on network assets should generally register as an NSP and be subject to chapter 6 or 6A of the NER. The AER will only approve Group D in exceptional circumstances. For example, that AEMO registration and compliance costs would be disproportionate to size of the network and customers to be served.

An exempt network service provider may impose the following:

Small customers

- a bundled electricity tariff (**Group A**)
- actual costs incurred in making metering changes or service capacity upgrades requested by the customer (**Group A** or **B**)
- charges using the causer pays or shadow pricing method (under Condition 5.2)
- charges under a residential or commercial lease or similar instrument (where permitted by relevant jurisdictional legislation).

Large customers

- a bundled electricity tariff (**Group A**)
- actual costs incurred in making metering changes or service capacity upgrades requested by the customer (**Group A** or **B**)
- charges using the causer pays or shadow pricing method (under Condition 5.2)
- additional charges agreed commercially between the parties (**Group C**).

Large corporate entities

- charges agreed commercially between the parties (**Group C**).

Eligible registered and individually exempted networks

- other charging mechanisms approved by the AER (**Group D**).

DCA/DNA

- charges agreed commercially between the parties (**Group C**).

Condition 5.2 Network charges

An exempt network service provider must:

1. Only charge a customer for **external network charges** as described in this condition.
2. Rebate any network charge overpayments to customers at least once per year.
3. Provide notice to the customer in the embedded network of any change in the customer's network tariff as soon as practicable, and at least 5 business days before the varied tariff is to apply to the customer. This sub-condition does not apply where jurisdictional legislation makes compliance with this requirement not possible.[113]
4. Limit any fee charged to a customer for late payment to a recovery of reasonably incurred costs by the exempt network service provider resulting from the customer's late payment.

The following methods may be used by an exempt network service provider to recover external network charges from customers within an exempt network:

- direct attribution method[114]

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[113] For example, where jurisdictional legislation requires exempt network service providers to vary their customer tariffs on a periodic basis (common in caravan parks and residential land lease communities). In these circumstances notice of any tariff change must be given no later than the customer's next bill.

[114] Passing through external network charges at cost to meet a particular customer's needs. The charges must be directly attributable to that customer.

- causer pays method[115]
- shadow price method.[116]

Note

Formal AER determination of network charges is a complex process which is not cost-effective for small networks.

Capital costs to develop an exempt network in a commercial building, shopping centre, residential apartment or the like are usually recovered via lease costs or fit-out charges. Imposing **internal network charges** on customers is generally not permitted by the AER as it would result in customers being charged twice for the same facility.

This guideline regulates how exempt network service providers may recover external network charges from customers in exempt networks. It does not determine the underlying NEM settlement calculation, DNSP tariff assignment or how an authorised retailer or FRMP allocates charges under a particular market offer.

Condition 5.3 Meter reading charges

An exempt network service provider may only levy a meter reading charge at most once per billing cycle and not more than once per month. A more frequent meter reading cycle is permitted:

1. if the extra meter reads do not attract a fee, or
2. in response to a customer's request to allow more flexible payment arrangements but only if, and for as long as, the customer consents to more frequent meter read fees.

A manual meter reading charge may only be charged by the exempt network service provider for a type 5 or 6 metering installation which was compliant with this guideline at the date of commissioning or first use of the metering installation. For advanced technology meters, a manual meter reading charge is only permitted when a customer requests a physical inspection/reading of the meter.

[115] Passing through external network charges at the parent meter to customers in proportion to their electricity usage measured at their respective child meters.

[116] Imposing external network charges that the NSP would have charged customers if they were directly connected to the grid at their respective child connection points (based on the NSP's regulated charges.

6 Embedded Network Manager – appointment and reversion

An exempt network service provider is deemed to be subject to Embedded Network Manager conditions under clause 2.5.1(d1) of the NER unless a customer is in a jurisdiction where retail competition is not mandated, or the AER determines that the Embedded Network Manager conditions should not apply.

Note

An exempt network service provider may defer appointment of an Embedded Network Manager for

- embedded network sites in regional Queensland,[117] and
- embedded network sites without child meters, that existed before 1 January 2012.[118]

An exempt network service provider may cease appointment of an Embedded Network Manager for embedded network sites in classes ND3, ND10, NR1, NR2, NR3, NR4, NR5 or NR6 where all on-market customers have become off-market customers. The exempt network service provider will then revert to a deferred appointment status (see Condition 3.1).

The Embedded Network Manager conditions require that an exempt network service provider for an embedded network must:

a) act as the Embedded Network Manager for the relevant embedded network, or

b) engage an accredited person to provide embedded network management services for the relevant embedded network, and

c) enter into an agreement with an Embedded Network Manager for the provision of embedded network management services where that person has engaged an Embedded Network Manager under paragraph (b).

The NER allows the AER to determine to exempt a person or class of person from the Embedded Network Manager conditions if we consider the likely costs of complying with the Embedded Network Manager conditions outweigh the likely benefits. The NER also allows that if an Embedded Network Manager conditions trigger occurs any exemption may become invalid.

An exemption granted by the AER under clause 2.5.1(d) of the NER may also be subject to conditions we consider appropriate. The conditions in this section are to ensure that customers in embedded networks are provided with adequate consumer protections and to avoid customers potentially paying non-competitive costs associated with electricity being supplied through an embedded network.

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[117] Due to the inability of customers in that area to access retail competition.

[118] The requirement for embedded network sites to have NER compliant child metering installations was introduced in *Network exemptions guideline (version 2)*, released on 16 December 2011.

Condition 6.1 Cost recovery

The exempt network service provider's appointment of an Embedded Network Manager must comply with the following:

1. Any cost resulting from the accreditation of any person as an Embedded Network Manager or from the appointment or provision of services by an Embedded Network Manager must be borne entirely by the exempt network service provider
2. An Embedded Network Manager must not pay an advance fee or a rebate to a property owner, developer or exempt network service provider or any other person in connection with the provision of Embedded Network Manager services or to secure a right to provide services to an embedded network.
3. An Embedded Network Manager may make a bona fide offer of a sliding scale of charges based on volume of work.

Condition 6.2 Information provision

This condition requires an exempt network service provider to provide information to customers, maintain a contact point and keep records.

Condition 6.2.1 Provision of information to customers

1. The exempt network service provider must advise a customer in writing at the start of their tenancy or electricity supply agreement of:
   a) any right of the customer, under State or Territory laws, to elect to purchase electricity from a retailer of their choice and information on the options for metering that would allow this choice
   b) the customer's rights regarding dispute resolution including:
      i) any right that the customer has to access the energy ombudsman scheme (if applicable), including to lodge a complaint or for free independent information and advice, or any other relevant external dispute resolution body in the State or Territory in which the customer is located, and
      ii) the exempt network service provider's procedures for handling complaints and disputes.
   c) the customer's right to obtain a copy of, or website link to, the conditions applicable to the exempt network service provider's exemption that it is operating under and a printed copy upon the customer's request
   d) the unbundled details of applicable network tariffs and all associated fees and charges that will apply to the customer in relation to the sale of electricity, and
   e) contact numbers in the event of an electricity fault or emergency, including the number for a 24-hour emergency contact line.
2. At any time and on the customer's or the AER's request, the exempt network service provider must provide the information in paragraph 1 to the customer or the AER.
3. If an Embedded Network Manager has been appointed to the embedded network, the exempt network service provider must display the name of the Embedded Network Manager entity on the customer's bill and must also disclose it on request to:
   a) the customer, or
   b) the customer's retailer.

Condition 6.2.2 Contact details

The exempt network service provider must provide its customers with a contact for account inquiries and complaints that can be readily accessed. Where a contact telephone number is provided the charge for this call must be no more than the cost of a local call.

Condition 6.2.3 Maintaining records

The exempt network service provider must maintain the following records for each of its customers:

1. name of the customer
2. address of the customer's premises
3. national meter identifier (NMI) for the customer's premises (if applicable)
4. date the customer's account was created
5. copies of any bills issued for the previous 12 months
6. date of the most recent meter read for the customer (if applicable), and
7. the basis for determining any estimates of consumption and sent out generation for the purpose of billing where a meter read could not be obtained.

7 Sites converted to an embedded network

These conditions relate to exempt network service providers who have already converted an existing site to an embedded network.

Note

A prospective exempt network service provider must obtain approval from the AER before doing a retrofit. This process is set out in Part 1 of **Appendix C**.

Condition 7.1 Offer matching for large customers

This condition only applies if the large customer was a tenant when the embedded network was created.

1. If a tenant who is a large customer does not consent to become a part of the embedded network, the exempt network service provider must:
    a) facilitate, within the embedded network, the continuation of the tenant's electricity contract with their current retailer, or
    b) facilitate the tenant's direct connection to a DNSP, or
    c) if (a) or (b) do not apply, fulfil a request made by the tenant that the exempt network service provider match any genuine electricity offer that would be available to the tenant if they were still directly connected to the local distribution network.[119]
2. The exempt network service provider must fulfil any subsequent request made by a tenant to match an electricity offer if the request is made 12 months or more after a previous request.[120]
3. In the absence of a subsequent request to match an electricity offer, the exempt network service provider need only apply the matched offer for a period of 12 months.
4. The exempt network service provider's or their representative's obligation to match an electricity offer expires on termination or renewal of the large customer's tenancy or lease agreement.

Condition 7.2 Offer matching for small customers

This condition only applies if the small customer was a tenant[121] when the embedded network was created. The following requirements apply:

1. If a tenant who is a small customer does not consent to become a part of the exempt network, the exempt network service provider must:
    a) facilitate within the embedded network the continuation of the tenant's electricity contract with their current retailer,[122] or

[119] Condition 7.1.1(c) applies by mutual consent. The exempt network service provider may offer to price match or may negotiate an alternative pricing arrangement with a customer if conditions 7.1.1(a) or (b) are not feasible or too costly.

[120] This means that a tenant may make multiple requests during the life of their tenancy or lease, provided each request is made at least 12 months after the previous request.

[121] Any reference to tenant in this condition also includes a resident.

[122] An exempt network service provider is not prohibited from arranging a direct connection to a registered distributor for a small customer if that is a viable option.

b) fulfil a request made by the tenant that the exempt network service provider match any genuine electricity offer that would be available to the particular tenant if they were still directly connected to the local DNSP.

2. The exempt network service provider must fulfil any subsequent request by a tenant to match an electricity offer if the request is made 12 months or more after a previous request.[123]
3. In the absence of a subsequent request to match an electricity offer, the exempt network service provider need only apply the matched offer for a period of 12 months.
4. The exempt network service provider's or their representative's obligation to match an electricity offer expires on termination or renewal of the small customer's tenancy or lease agreement.

Condition 7.3 Duplication of network charges

This condition applies only if the customer was a tenant[124] when the embedded network was created. The exempt network service provider must:

1. Take steps to remedy any duplication of network charges experienced by tenants/residents who have entered into an energy supply contract with an authorised retailer.
2. Not charge a connection charge to any tenant who enters into an energy supply contract with an authorised retailer.

Condition 7.4 Metering arrangements

This condition requires the exempt network service provider to:

1. Bear the costs of any changes to metering and other network alterations undertaken to retrofit the embedded network, and
2. Ensure that metering arrangements within the embedded network allow customers in the embedded network to access retail competition.

[123] This means that a tenant may make multiple requests during the life of their tenancy or lease, provided each request is made at least 12 months after the previous request.

[124] Any reference to tenant in this condition also includes a resident.

8 Designated network assets

This condition requires an exempt network service provider of a designated network asset (DNA)[125] to comply with the below deemed conditions:[126]

1. The access policy and negotiating principles in clause 5.2A.6(c) of the NER.
2. The network operating agreement obligation in clause 5.2A.7 of the NER.
3. The obligation to submit an access policy to the AER for approval in clause 5.2A.8 of the NER.
4. The dispute resolution requirement for DNA services in rule 5.5 of the NER.

The exempt network service provider of a DNA must also have an access policy and make it available to customers and to the AER upon request.

9 Dedicated connection assets

This condition requires an exempt network service provider of a dedicated connection asset (DCA)[127] to comply with the exemption conditions in Appendix A-2 (as specified in Table 4) of this guideline.

[125] Refer to Glossary definition and exemption class NRO8 in Table 4 of Appendix A-1.

[126] Refer clause 2.5.1(d3) of the NER.

[127] This includes former large DCAs and small DCAs under the AEMC Transmission Connection and Planning Arrangements rule change (23 May 2017). Refer to Glossary definitions for large DCA and small DCA and exemption classes NRO6 and NRO7 in Table 4 of Appendix A-1.

Appendix B – Applying for an individual exemption or condition variation

Please provide the following information in your application:

1. The name of every party for whom exemption is sought.
2. The nature of the normal business activities of the applicant.
3. If the application is made by an authorised representative, proof of authority for the person to act on behalf of each named applicant.
4. Whether the applicant is seeking:
   a) exemption from the requirement to register as an NSP
   b) exemption from the application of chapter 5 of the NER, or
   c) variation of general and detailed conditions.
5. Details of pre-defined conditions to be varied and reasons justifying this (if applicable).
6. The precise network to be subject to the exemption, including circuit diagrams if necessary (in most circumstances less complex single-line diagrams will be sufficient).
7. A description of the parties connected to, or likely to connect to, or otherwise obtain electricity supply from the network.
8. Whether the proposed on-supply is subject to agreed commercial terms between consenting parties with appropriate recourse to professional advice (if an industrial or commercial situation).
9. Whether the applicant is seeking (or has received) approvals, licences or exemptions from any other legal requirement governing the ownership or operation of networks or metering requirements applicable within the relevant jurisdiction, including details of these.
10. Whether there is an applicable legislative scheme or mechanism to appoint an Operator of Last Resort within the relevant jurisdiction in the event that the applicant cannot continue to operate the network.
11. Whether the applicant has developed a continuity of supply contingency plan in the event that the network ceases to operate.
12. If design and installation standards must be developed for the network as a legal requirement within the relevant jurisdiction, whether the applicant(s) have had these assessed by an independent electrical engineer as appropriate for the intended purpose and consistent with good electricity industry practice.
13. Details of the registered NSP to whom the network is, or will be, connected.
14. Details of any preliminary discussions which have taken place between the applicant and the NSP and if relevant, AEMO or the jurisdictional regulator.
15. The arrangements proposed for setting network charges for parties using the network.
16. Contact details for all stakeholders affected by the grant of an individual exemption (including, but not limited to, the connecting DNSP, proposed customers, jurisdictional regulator, local council and body corporate/owners corporation for the site, if relevant).
17. The arrangements proposed for electricity charges (for example, fixed percentage of total costs or direct access to retailers by tenants).

18. Detailed supporting argument(s) why exemption will serve the long–term interests of electricity consumers connected to the network and more generally, across the NEM. This should include any specific research and analysis undertaken or evidence available (such as a cost/benefit or similar report along with revenue and expenditure models).

Note

The AER will not accept an individual exemption application until all relevant information is received from the applicant(s).

Where an approval, licence or exemption from other legal requirements is applicable to own or operate the network within the relevant jurisdiction, the AER may not accept an individual exemption application until the applicant(s) provide evidence that these have been granted.

A variation of conditions application must explain why the pre-defined conditions will result in an excessive regulatory burden and demonstrate how relief from the conditions will better serve customers. We may request additional information from applicants prior to processing an application for exemption.

We are empowered to consult affected stakeholders on any application for exemption. As stated in section 6 we may seek written submissions on the application from interested stakeholders via a notice on our website. Applications may contain confidential information. If so, a redacted version of each submission is required in a form suitable for publication electronically should the AER elect to consult widely on a particular application.

We will inform the applicant of our decision regarding the application for the grant or variation of the individual exemption. The individual exemption applies to a person for a particular site from the time stated in a notice issued by the AER and entered on the Public Register of Exempt Networks.

An individual exemption is personal to the applicant and does not apply to any other person that owns, controls or operates the network at the time of the decision or in the future. An individual exemption is not transferrable; however, we accept the need for transitional arrangements.

Where an application for individual exemption is for a network previously registered with us and we have not revoked that registration, the terms of the pre-existing arrangement will continue to apply to the new applicant until the effective date of a new exemption notified by us in response to the application.

Appendix C – Converting an existing site to an embedded network (retrofit)

Residential and mixed sites

AER approval is required to convert a site with residential tenants, or a mix of both residential and commercial tenants, into an embedded network.

Existing sites that **have commercial tenants only** are not subject to AER approval. See the 'Commercial sites' process below.

We assess and approve retrofit applications for sites with residential tenants on a case-by-case basis.

You must meet eligibility requirements, conduct a marketing campaign and follow our application process.

If you can demonstrate that **at least 85 percent of tenants consent** to the proposed retrofit after running the marketing campaign, you may apply to the AER for approval.[128]

We will require details of the marketing campaign conducted and a report which summarises information collected under Part 1 (Eligibility requirements), Part 2 (General application details) and Part 3 (Details of proposed operations) in this guideline.

Your application must include:

- the total number of tenancies (both occupied and vacant) and those who do/do not consent to the retrofit
- the views of tenants who do and do not consent to the retrofit, and
- the steps taken to mitigate tenants' concerns and an undertaking to meet detailed conditions 7.1 to 7.4 of this guideline.

Note

A tenant is someone who holds land, a house, a commercial property (such as a shopping centre) or the like, from the owner for a period of time, as a lessee or occupant for rent. There must be a lease agreement and/or occupancy of the premises for rent. It also includes an owner who occupies premises within a site subject to strata title or community title.

You **must exclude** the following from the consent calculation:

- vacant tenancies and common areas – as the owner of a vacant premises does not reside at the premises, they are not considered a tenant for the purposes of the consent calculation
- owners of vacant premises – as they do not hold a lease or occupy the premises for rent, and
- building managers – as they are not tenants and do not occupy or hold a lease over the common areas of the site. As common areas are spaces shared by customers and tenants, the building managers, they are not considered a tenant for the purposes of the consent calculation.

[128] If the AER determines special circumstances apply, we may apply a lower or higher threshold to a specific application.

If the application is assessed to be deficient, we may

a) require that you rectify any defect
b) publicly consult on the application, or
c) do both.

We may also require that:

- the marketing campaign be modified or extended
- the application (or any supporting material) provided to tenants or the AER be revised, or
- an undertaking be amended.

If we are satisfied with your application, we will issue a notice of eligibility to register or hold an exemption (Notice of Acceptance (NOA) letter) which may specify an effective date. The NOA will include an application reference number, which is required to register your relevant network class exemption(s) via the registrable exemptions portal on the AER website.

The network must not be converted until the effective date specified in the notice issued by the AER.

Commercial sites

AER approval is not required to convert a commercial site into an embedded network.

However, you must still meet the eligibility requirements set out in Part 1 (Eligibility requirements), conduct a marketing campaign and obtain the explicit informed consent of at least 85 percent of tenants, as per the eligibility requirements of Appendix C of this guideline.

Once these have been achieved, you may convert the site and register the exemption. You will be required to declare, as part of the exemption registration process, that you have complied with the requirements of Appendix C.

You must keep records of the following information for at least 5 years from the date the network exemption is registered in the exemptions portal:

- the total number of tenancies (both occupied and vacant) and those who do/do not consent to the retrofit
- the views of tenants who do and do not consent to the retrofit, and
- the steps taken to mitigate tenants' concerns and an undertaking to meet conditions 7.1 to 7.4 of this guideline.

Part 1 Eligibility requirements

The eligibility requirements outlined in this section (Part 1) forms the marketing campaign we require you to conduct as part of your retrofit application to the AER.

Note

In all instances you must inform the relevant DNSP in writing of the proposed retrofit and maintain evidence of this for a period of 5 years from the date a network exemption is registered for the site.

Providing retrofit information

1. You must provide written notice to all tenants[129] of the proposed retrofit with the following information:
    a) An unaltered copy of the AER factsheet *Embedded network proposal for small and large business customers* or *Embedded network proposal for residential customers*[130] (as appropriate for the customer type and updated by the AER from time to time)
    b) a written notice which provides the tenant with site-specific information about the retrofit proposal
    c) a copy of your electricity supply agreement which details all your proposed fees and tariffs, and
    d) contact details of a representative from your company to answer any queries or concerns about the proposed retrofit.
2. You must ensure that retrofit information provided to tenants is:
    a) clearly, fully and adequately disclosed
    b) has regard to a tenant's capacity to provide explicit informed consent, and
    c) does not alter, dilute or conflict with AER factsheets noted in paragraph 1(a) above or contradict the exemption conditions which the exempt network service provider would be required to comply with.

Collecting and recording explicit informed consent

3. You must provide each tenant with retrofit information before seeking their explicit informed consent.
4. You must agree to retain accessible records of the consent obtained which:
    a) include copies of the information provided to tenants
    b) include records of consultations and meetings held with tenants
    c) identify and record which tenants have not consented and their reasons
    d) record the outcome of any negotiation and dispute resolution with tenants
    e) are kept for at least 5 years from the date you register an exemption for the site, and
    f) be provided to the AER on request.
5. You must engage with tenants who do not consent and seek to mitigate their concerns.
6. You must use the AER explicit informed consent form template to obtain each tenant's consent.[131] You may replicate the form electronically, including within your existing systems, provided the content of the consent form is not materially altered.
7. You must obtain each tenant's consent for the retrofit in a separate document to the one that acknowledges the customer is selecting you as their electricity supplier.
8. The tenant's explicit informed consent must be given by way of a signed consent form (written or electronic). Verbal consent is only acceptable in instances where it can be verified and made subject of a record.

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129 Any reference to tenant in this condition also includes a resident.

130 https://www.aer.gov.au/industry/registers/resources/guidelines/retail-exempt-selling-guideline

131 https://www.aer.gov.au/industry/registers/resources/guidelines/retail-exempt-selling-guideline

Retail contestability

9. To address any potential tenant detriment due to a loss of retail contestability, you must:
10. Seek advice from the DNSP about whether tenants who do not consent can be wired out of the embedded network,[132] and
11. Take steps to ensure tenants who wish to remain with their retailer, but cannot be wired out, will not be financially disadvantaged by the retrofit. Measures to reduce financial detriment will likely include price matching for affected tenants and taking financial responsibility for any double billing of network charges.

Customer dispute resolution services

12. You must advise tenants of your dispute resolution process and the available options for external dispute resolution, such as ombudsman schemes.

Part 2 General application details

Where a third party is submitting the application on your behalf, a statement or letter verifying that the third party has the authority to act on your behalf must be provided in addition to the required information below.

1. Your legal name.[133] If you are a body corporate or community corporation, please indicate this.
2. Your trading name, if different to your legal name.
3. Your Australian Business Number (ABN) or Australian Company Number (ACN). You can check if your ABN or ACN matches the legal name you have provided via the ABN Lookup or ASIC Connect website respectively.
4. Your registered postal address. We may verify this information with the Australian Securities and Investments Commission or another relevant agency.
5. A nominated contact person, including their position in the organisation and contact details.
6. Whether you will be owner, controller or operator of the proposed embedded network. If more than one entity will perform these roles, please specify them, and provide relevant details for each entity as requested in paragraphs 1. to 5. above.
7. Why you are seeking to convert (retrofit) an existing site to an embedded network, and why you consider it is appropriate to your circumstances.
8. The site address of the proposed embedded network where you intend to supply electricity, including a map of the site and a brief description of this site and its current and future intended use(s).
9. The primary activity of your business (for example, managing a shopping centre or managing residential accommodation).
10. State whether the relevant network is directly or indirectly connected to the main grid or is (or will be) an off-grid network.
11. The date from which you intend to start the retrofit or supplying electricity.
12. Mailing addresses for premises at the site (where applicable). We may use this information to ensure that potential customers are able to participate in our consultation process if we are not satisfied with the application in any respect and at our discretion.

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[132] We will require evidence of this and details of any available 'wiring out' options.

[133] The applicant must be a legal person, for example an individual, company, corporation or body corporate. A trust is not a legal person and cannot hold an exemption. If you are seeking an exemption for a trust, a trustee must apply.

Note

We may also require details of panel layouts and wiring diagrams for the retrofit (**EN wiring information**) showing metering arrangements for each connection to the DNSP and each customer to be served by the installation, and all intermediary wiring between the relevant DNSP's supply point and each customer).

13. Details of your (or your agent's) electricity supply experience, for example:
    - date(s) and location(s) of previous operations
    - scale of operations (the number, size and type of customers), and
    - an explanation of which activities will be conducted in-house, and which will be contracted out to third parties.
14. Whether you currently hold; or have previously held; or been refused an electricity supplying exemption in any State or Territory. If so, please provide details (including any relevant AER reference number/s).
15. Details of your plan for the embedded network if your entity (or other parties performing the role of owner, controller or operator) fail.
16. Details of arrangements you have in place, to satisfy condition 1.17 of this guideline, in the event that another person (exempt seller or authorised retailer) on-selling electricity to customers of the embedded network fails.

Part 3 Details of proposed operations

To determine whether it is appropriate to allow you to convert (retrofit) an existing site to an embedded network, we need information on the nature and scope of the proposed operations.

1. Will your prospective customers also be your tenants?[134] If so, are they residential or business tenants?
2. Will you be providing other services aside from electricity to persons on the site (for example, accommodation/leasing of property) or will your only commercial relationship to persons on the site be the supply of electricity? If yes, specify these services, and the contractual or leasing arrangements under which you are providing them.
3. What is the total number of customers at the site? Please provide a breakdown between residential and business customers (include whether they are small or large, as defined for the jurisdiction in which you intend to operate).
4. Will any customers be 'wired out' of the embedded network (that is, because they did not consent to the conversion)? If so, please provide the number of such customers, broken down between residential and business customers (include whether they are small or large, as defined in the jurisdiction in which you intend to operate).
5. Will you be supplying electricity purchased from an authorised retailer or purchased directly from the wholesale market?
6. What is the estimated annual aggregate amount of electricity you are likely to supply (kilowatt hours or megawatt hours) and the average expected consumption of customers for each type of customer you service (that is, residential or business customers)?
7. Will your customers be wholly contained within the site of the proposed embedded network owned, controlled or operated by you (for the purposes of this question, a body corporate may be taken to 'operate' an embedded network)?

[134] Any reference to tenant in this Appendix C also includes a resident.

8. Will each premises/dwelling be separately metered? If not, please explain why not and how you intend to determine electricity charges?
9. Will meters allow your customers to change retailers (that is, not source their electricity from you) as required by this guideline? Please specify the types of meters to be installed at the site.
10. In what form, and how often, will you bill your customers? Will you be issuing bills yourself or through a billing agent?
11. What dispute resolution procedures do you intend to put in place to deal with electricity-related complaints and issues? Confirm that your dispute resolution policy consistent with the Australian Standards, as amended from time to time. Please provide a copy of the relevant policy.
12. Are you a member of a recognised energy industry ombudsman scheme in the jurisdiction(s) in which you intend to supply electricity to residential customers (if permitted to be a member? If not, have you taken steps to become a member? Please provide supporting evidence or explain steps taken to obtain membership. Supporting evidence should include an ombudsman membership application reference number if attainable in your relevant jurisdiction.
13. Do you have any further information that would assist us to assess your application?

Glossary

Term	Definition
ABN	Australian Business Number
ACN	Australian Company Number
AEMO	Australian Energy Market Operator
AEMO exempt generating system or integrated resource system	Means a generating system or integrated resource system (including production units) where the owner, controller or operator is exempted from being registered by AEMO under clause 2.1A.1 of the NER as an Integrated Resource Provider or a Generator. AEMO's exemption requirements are in *AEMO's Guide to Registration Exemptions and Production Unit Classifications.*
AEMO registered generating system or integrated resource system	Means a generating system or integrated resource system (including production units) where the owner, controller or operator is required to be registered with AEMO under clause 2.1A.1 of the NER. The NER requires production units in a generating system or integrated resource system to be classified as either a scheduled generating unit, non-scheduled generating unit, scheduled bidirectional unit, scheduled generating unit and a scheduled load, non-scheduled bidirectional unit, semi-scheduled generating unit, coupled production units, market generating unit or market bidirectional unit and non-market generating unit or non-market bidirectional unit.
AER	Australian Energy Regulator
ASIC	Australian Securities and Investments Commission
Bidirectional Unit (BU)	Has the meaning specified in chapter 10 of the NER.
Body Corporate	Means a controlling body of a scheme constituted under State or Territory strata titles legislation, the members of which are lot owners (or their representatives), and includes an owners corporation but is not a body corporate for the purposes of the *Corporations Act* 2001 (Cth).
Brownfield site	An existing site, being a parcel of land, which is already developed and contains assets and services but is not configured as an embedded network.
Business customer	Means a customer who purchases energy principally for business use at industrial, commercial or retail premises.
CCA	*Competition and Consumer Act 2010* (Cth)
Child connection point	The agreed point of supply between an embedded network and an electrical installation, production unit or other network connected to that embedded network, for which a Market Participant is, or proposes to be, financially responsible.
Connect	To form a physical link to or through a transmission network (including to a network connection asset or through a dedicated connection asset that is physically linked to that transmission network) or distribution network. **Note:** In the context of Chapter 5A of the NER, the above definition has been displaced by a definition specifically applicable to that Chapter. See clause 5A.A.1 of the NER.
Connection point	In relation to a declared shared network and a distribution network (other than an embedded network), the agreed point of supply established between Network Service Provider(s) and another Registered Participant, Non-Registered Customer or franchise customer and includes a parent connection point. In relation to other transmission networks, the point at which power flows to or from a person connected to the transmission network can be isolated from the transmission network. If there is more than one such point, the Network Service Provider and that person will agree which point is the connection point in their connection agreement. In relation to an embedded network, the child connection point, unless otherwise specified. **Note:** In the context of Chapter 7 of the NER, the above definition has been displaced by a definition specifically applicable to that Chapter. Refer to clause 7.1.2 of the NER.
Consumer energy resource (CER)	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 includes flexible loads that can alter demand in response to external signals. CER includes technologies such as

	rooftop solar, small scale battery (including community battery storage systems), inverters, bi-directional energy resources including electric vehicle supply equipment.
Customer	Means a consumer of electricity for primary industry, domestic, commercial or industrial use but does not include a Market Customer who is registered by AEMO under Chapter 2 of the NER.
Dedicated Connection Asset (DCA)	The apparatus, equipment, plant and buildings that: a. are used for the purpose of connecting a person at a connection point to a transmission network and are used exclusively by that person; b. include power lines less than 30 kilometres in route length; c. can be electrically isolated from the transmission network without affecting the provision of shared transmission services to other persons; and d. are not: i. network connection assets ii. part of a generating system or integrated resource system iii. part of a distribution system iv. part of a transmission system for which a Market Network Service Provider is registered under Chapter 2 of the NER v. part of Transmission Customer's facility that utilises electrical energy vi. part of the declared transmission system of an adoptive jurisdiction, or vii. designated network assets. **Note:** At any time a person who owns, controls or operates a dedicated connection asset may elect for that dedicated connection asset to be a designated network asset under clause 11.139.4 of the NER.
Designated Network Asset (DNA)	The apparatus, equipment, plant and buildings that: a. are used from the boundary point to convey, and control the conveyance of, electricity, for an identified user group b. are for the exclusive use of the identified user group and may be owned by different persons within that identified user group c. include power lines that have a route length of: i. 30 kilometres or more, or ii. less than 30 kilometres where the owner of those assets has entered into a network operating agreement in respect of those assets, and d. do not: i. provide prescribed transmission services ii. form part of a network loop iii. form part of a transmission system for which a Market Network Service Provider is registered under Chapter 2 of the NER, or iv. form part of a declared transmission system of an adoptive jurisdiction.
Disconnection or **de-energisation** of premises	Means the opening of a connection in order to prevent the flow of electricity to the premises.
Distribution network	Has the meaning specified in chapter 10 of the NER.
Distribution network connection point	A connection point on a distribution network.
Distribution Network Service Provider (DNSP)	A person who engages in the activity of owning, controlling, or operating a distribution system.
Distribution system	Each of the following: a. a distribution network, together with the connection assets associated with the distribution network, which is connected to another transmission system or distribution system; and b. a stand-alone distribution system in a regulated SAPS, however, none of the following constitutes a distribution system: c. an excluded metering installation; and a single user network.
Embedded network	Has the meaning specified in chapter 10 of the NER. A type of exempt network. A distribution system, connected at a parent connection point to either a distribution

	system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a Network Service Provider. **Note:** an embedded network is a sub-set type of an exempt network.
Embedded Network Manager (ENM)	A person: a. who meets the applicable requirements listed in schedule 7.7 of the NER and has been accredited and registered by AEMO as an Embedded Network Manager, and b. who has not been deregistered by AEMO as an Embedded Network Manager under clause 7.4.4(d) of the NER.
Energy	Means electricity.
ENM conditions	An Exempt Network Service Provider for an embedded network must: a. act as the Embedded Network Manager for the relevant embedded network, or b. engage an Embedded Network Manager to provide embedded network management services for the relevant embedded network, and c. enter into an agreement with an Embedded Network Manager for the provision of embedded network management services where that person has engaged an Embedded Network Manager under paragraph b.
ENM conditions trigger	In relation to a small customer, when the small customer enters a market retail contract for the sale of energy at the relevant child connection point and the cooling off period in relation to that contract has expired. In relation to a large customer, when the large customer has entered a contract for the sale of energy at the relevant child connection point.
EN wiring information	Panel layouts and wiring diagrams relevant to an embedded 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. 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 clause 11(2) of the NEL. Exempt networks are: a. connected (either directly or indirectly) to the national grid b. are not a DNSP's or TNSP's network c. supply electricity to a third party. It also refers to the physical assets that deliver electricity from one person to another person including any privately owned wires, switches, transformers or other electrical equipment owned, operated or controlled by the prospective exempt person.
Exempt network service provider (ENSP)	A person who engages in the activity of owning, controlling or operating a network (including an embedded network) under an exemption granted or deemed to be granted by the AER under section 13 of the NEL and clause 2.5.1(d) of the NER.
Exempt person	A person engaged in the activity of owning, controlling or operating an exempt network who is exempted by the AER as per this guideline. Note: For the avoidance of doubt, an exempt network service provider is also an exempt person.
Exempt seller	A person who is exempted by the AER under a deemed, registrable or individual exemption from the requirement to hold a retailer authorisation.
Explicit informed consent	Consent given by a customer to a person where the person has clearly, fully and adequately disclosed all matters relevant to the consent of the customer, including each specific purpose or use of the consent; and the customer gives the consent to the transaction: • in writing signed by the customer (written or electronic) or • verbally, so long as the verbal consent is evidenced in such a way that it can be verified and recorded.
Financially responsible Market Participant (FRMP)	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.
Generation System (GS)	Has the meaning specified in chapter 10 of the NER.
Generation Unit (GU)	Has the meaning specified in chapter 10 of the NER.
Generator	Has the meaning specified in chapter 10 of the NER.
Good electricity industry practice	Has the meaning specified in chapter 10 of the NER.
GWh	Gigawatt hour
Greenfield site	A site, being a parcel of land, which is not developed and contains no existing assets and services.
Integrated Resource Provider (IRP)	Has the meaning specified in chapter 10 of the NER.
Integrated Resource System (IRS)	Has the meaning specified in chapter 10 of the NER.
Inverter based resource	Has the meaning specified in chapter 10 of the NER.
kV	Kilovolt
Large customer	Means a business customer who consumes energy at a business premises at or above the upper consumption threshold, as defined by the relevant jurisdiction. If no threshold is defined, 100 megawatt hours per annum for electricity.
Large corporate entity	A 'large proprietary company' as defined under subsection 45A(3) of the *Corporations Act 2001* or, if not a reporting entity under that Act, includes a public company as defined in section 9 of the Act, or an unlisted company, trust, or other legal entity which otherwise fulfils any two of the financial and/or staffing criteria specified in subsection 45A(3) of that Act.
Large dedicated connection asset (Large DCA)	A dedicated connection asset where the total route length for any power lines forming part of the dedicated connection asset is 30 kilometres or longer. Note: Large DCAs were replaced by DNAs under the AEMC Connection to dedicated connection assets rule change (8 July 2021). Existing large DCA arrangements were grandfathered.
Life support customer	Means a customer with a person residing at their premises who requires life support equipment.
Life support equipment	Means any of the following: a. an oxygen concentrator b. an intermittent peritoneal dialysis machine c. a kidney dialysis machine d. a chronic positive airways pressure respirator e. Crigler-Najjar syndrome phototherapy equipment f. a ventilator for life support g. in relation to a particular customer, any other equipment that a registered medical practitioner certifies is required for a person residing at the customer's premises for life support
Market connection point	Means any of the following: a. a connection point or secondary settlement point classified in accordance with Chapter 2 of the NER as a market connection point b. a connection point which connects any market generating unit to the national grid c. a connection point which connects any market bidirectional unit to the national grid d. a connection point where the network service connected at that connection point is a market network service
Meter	A device complying with Australian Standards which measures and records the production or consumption of electrical energy.

Metered	Means electrical energy produced or consumed by a customer of an exempt person that is measured and recorded by a meter.
Metering coordinator	A person who is registered by AEMO as a Metering Coordinator under Chapter 2 of the NER.
Metering installation	The assembly of components that are controlled for the purpose of metrology and which lie between the metering point(s) and the point at or near the metering point(s) where the energy data is made available for collection, including any: a. instrument transformer b. measurement element(s) and processes c. recording and display equipment d. communications interface e. central management system f. communications equipment and processes that lie between measurement elements and the central management system. **Note:** The assembly of components may include the combination of several metering points to derive the metering data for a connection point.
Microgrid	A stand-alone power system (SAPS) supplying multiple customers.
MW	Megawatt
MWh	Megawatt hour
National grid	The sum of all connected transmission systems and distribution systems within the participating jurisdictions.
NBN	National Broadband Network
NEL	National Electricity Law
National Electricity Market (NEM)	Has the meaning specified in subsection 2(1) of the NEL.
NEO	National Electricity Objective
NER	National Electricity Rules
Network	The apparatus, equipment, plant and buildings used to convey, and control the conveyance of, electricity excluding any connection assets. In relation to a Network Service Provider, a network owned, operated or controlled by that Network Service Provider.
Network Service Provider (NSP)	A person who engages in the activity of owning, controlling or operating a transmission system or distribution system and who is registered by AEMO as a Network Service Provider under Chapter 2 of the NER.
On-selling, selling	An arrangement where a person acquires electricity from another person, and either directly or through a person acting on their behalf, sells that electricity to another person for use at premises within the limits of a site.
Parent connection point	The connection point between an embedded network and a Network Service Provider's network.
Primary registrant	A person nominated as such under section 5.1 of this guideline.
Primary TNSP	The Transmission Network Service Provider who operates the largest transmission network in each participating jurisdiction but does not include a Transmission Network Service Provider for a declared transmission system.
Production unit	Has the meaning specified in chapter 10 of the NER.
Public Register	Means the AER's public register of network exemptions.
Registered Participant	Has the meaning specified in chapter 10 of the NER.
Residential customer	Means a customer who purchases energy principally for personal, household or domestic use at premises.
Retail Customer	Means a person who is a customer of a retailer as defined by the Retail Law.
Retail Law	National Energy Retail Law.
Retailer	Means a person who is the holder of a retailer authorisation for the purposes of section 88 of the Retail Law.
Retrofit	Conversion of a brownfield site (with multiple premises each separately connected to the local distribution network) into an embedded network with a metered parent

	connection point supplying those premises through metered child connection points.
Secondary settlement point (SSP)	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.
Sell	The provision of electricity in exchange for money.
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 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.
Small bidirectional unit	Has the meaning specified in chapter 10 of the NER.
Small customer	Means a customer: • who is a residential customer, or • who is a business customer who consumes energy at business premises below the upper consumption threshold, as defined by the relevant jurisdiction. If no threshold is defined, 100 megawatt hours per annum for electricity.
Small generating unit	Has the meaning specified in chapter 10 of the NER.
Small Resource Aggregator (SRA)	An Integrated Resource Provider who has classified a small resource connection point or small resource secondary settlement point as one of its market connection points in accordance with clause 2.2.8 of the NER.
Small resource connection point	A connection point that connects one or more small generating units or small bidirectional units (or any combination) to the national grid, where the only supply to the connection point is: a. for use by a small bidirectional unit connected at the connection point; or b. auxiliary load of a small generating unit or small bidirectional unit connected at the connection point.
Small resource secondary settlement point	A secondary settlement point for one or more small generating units or small bidirectional units (or any combination), where the only supply to the secondary settlement point is: a. for use by a small bidirectional unit in respect of which the flow of electrical energy is determined at the secondary settlement point; or b. auxiliary load of a small generating unit or small bidirectional unit in respect of which the flow of electrical energy is determined at the secondary settlement point.
Stand-alone power system (SAPS)	Has the meaning specified in chapter 10 of the NER.
Supply	Means the delivery of electricity.
Third party	In relation to AEMO exempt or AEMO registered generating system (GS) or integrated resource system (IRS), means a person who owns, controls or operates the GS or IRS other than the exempt network service provider.
Transmission network	Has the meaning specified in chapter 10 of the NER.
Unmetered	Means electrical energy produced or consumed by a customer of an exempt person that is not measured and recorded by a meter.