Australian Energy Market Commission

AEMC
Australian Energy Market Commission

RULE

**Consultation paper**

# National Electricity Amendment (Supporting compliance with meter maintenance obligations) Rule

# National Energy Retail Amendment (Supporting compliance with meter maintenance obligations) Rule


Proponents
Yurika
PLUS ES
Intellihub
AEMO


**4 December 2025**

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**Reference: RRC0070**

## About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

## Acknowledgement of Country

The AEMC acknowledges and shows respect for the Traditional Custodians of the many different lands across Australia on which we live and work. The AEMC office is located on the land of the Gadigal people of the Eora nation. We pay respect to all Elders past and present, and to the enduring connection of Aboriginal and Torres Strait Islander peoples to Country.

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## Citation

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# Summary

1 The Australian Energy Market Commission (AEMC) has received four rule change requests that aim to support metering coordinators' (MCs') compliance with:

- testing and inspecting obligations under the NER
- repairing metering installation malfunctions within timeframes specified in the NER and AEMO's malfunction Exemption procedure.

2 Given the interactions with these rule change requests, we have consolidated them into a single rule change process - *Supporting compliance with meter maintenance obligations* (RRC0070 and ERC0419).

3 The consolidated rule change requests we are consulting on are:

- **Changes to the meter testing framework for large customers** submitted by Yurika on 2 June 2025.
- **Compliance with metering testing requirements** submitted by PLUS ES on 15 July 2025.
- **Improving the metering installation maintenance framework** submitted by Intellihub on 10 October 2025.
- **Supporting metering compliance** submitted by AEMO on 22 September 2025.

4 The AEMC has commenced its consideration of the requests, and this consultation paper is the first stage.

5 We are seeking your feedback on whether the changes proposed in the rule change requests would promote the long term interests of consumers.

## The rule change requests consider that existing arrangements make it challenging for MCs to meet their testing and inspection obligations

6 MCs are responsible for testing and inspecting metering installations in accordance with requirements under Schedule 7.6 of the NER.

7 The rule change requests argue that MCs require support from retailers and large customers to meet their testing and inspection requirements, such as:

- providing access to the metering installation
- arranging activities for meter testing, including supply interruptions
- payment for meter maintenance work.

8 The rule change requests consider that, in some circumstances, retailers and large customers do not provide the required support, which makes it challenging for the MCs to meet their testing and inspection requirements. For instance, it is challenging for MCs to refuse or terminate contracts with large customers who prevent MCs from meeting their testing and inspection requirements. This results in MCs remaining non-compliant with their testing and inspection requirements under the rules.

9 The rule change requests suggest that metering installations that are non-compliant with testing and inspection requirements would lead to poor outcomes for consumers, including:

- a lack of confidence, accuracy and fairness in billing and market settlement
- inefficient market processes, the costs of which are passed on to consumers

- reduced safety outcomes, as irregular testing could increase the risk of defects and failure of metering equipment, for example, oil leaks.

10 Yurika and Intellihub also raise that MCs cannot easily access previous testing certificates, which means MCs would be required to retest a meter that may have already been tested, resulting in:

- higher costs of meeting testing and inspection requirements
- poorer customer experiences.

## Intellihub also considers that MCs are unable to repair malfunctions within the timeframes specified in AEMO's Exemption procedure

11 Where an MC is notified of a metering installation malfunction, the MC is required to repair it within the timeframe specified in Chapter 7 of the NER. MCs may apply to AEMO for an exemption to this timeframe in accordance with AEMO's Exemption procedure, and may also apply to AEMO to extend the exemption period.

12 On 30 June, AEMO published a revised Exemption procedure (version 1.4), which included changes to how it administers exemption periods and extensions. These changes were in response to the *Accelerating smart meter deployment* rule change.

13 Intellihub considers that MCs would not be able to meet the exemption timeframes specified in the revised procedures in circumstances that are outside MCs' control, including where:

- there is a defect at a small customer's metering installation
- access to the metering installation is blocked
- there are family failure malfunctions.

14 MCs would not be able to extend the exemption period for these circumstances.

## We seek your views on proposals from Yurika, PLUS ES, Intellihub and AEMO to improve MCs' metering compliance

15 The rule change requests propose different rule changes to support MCs in complying with their testing and inspection requirements for large customers:

- Yurika proposes to introduce a process by which a retailer can de-energise a large customer's premises.
- PLUS ES proposes to ensure that the terms of the appointment of the MC by a retailer or large customer include all metering installation, testing, and inspection obligations of the MC at a reasonable commercial rate.
- Intellihub proposes changes to:
  - require retailers to inform large customers that MCs are required to test and inspect metering installations
  - enable MCs to initiate a process to de-energise a large customer's premises if a large customer fails to assist and MC to meets MCs' obligations
  - require the previous MC to provide a copy of test certificates to the new MC.
- AEMO proposes changes to the NER for how Unaccounted for Energy (UFE) is allocated among retailers for customers with non-compliant metering installations.

16 We consider that these proposed solutions are not mutually exclusive. We are seeking your views on whether these proposed solutions would effectively support MCs in complying with testing and inspection requirements, or if other alternative solutions may be more effective.

17 To improve the malfunction framework, Intellihub also proposes the rules to require AEMO to consider additional circumstances where MCs need more time to repair malfunctions.

## We seek your views on our proposed criteria

18 The Commission will consider the national electricity objective (NEO)[1], the national energy retail objective (NERO)[2] and the issues raised in the rule change requests in assessing the rule change requests. The Commission proposes to assess the rule change requests against the following four assessment criteria:

- **Outcomes for consumers.**
  - What are the impacts of non-compliant metering installations on consumers, particularly large customers eg, customer billing due to the inaccuracy of metering data or meter faults?
  - Will the rule change requests' proposed solutions incentivise large customers into supporting MCs meet their testing and inspection obligations?
- **Safety, security and reliability.** We will consider the impact of meter malfunctions that are not rectified in a timely manner, and non-compliant metering installations on:
  - the safety of consumers
  - the accuracy and reliability of data provided to AEMO for market settlement, that is the integrity of metering services provided by MCs (such as metering readings) that support AEMO's operation of the national energy market.
- **Principles of market efficiency.** What are the impacts of the rule change requests' proposed solutions on:
  - contractual agreements between FRMPs/large customers and MCs
  - competition between MCs in being nominated as the MC for a connection point
  - how MCs manage their non-compliance risk with their testing and inspection requirements
  - allocation of risk between parties, including MCs, retailers and large customers
  - AEMO's ability to reconcile the market.
- **Implementation considerations.** What do the proposed solutions involve in terms of:
  - how they build on and/or change existing systems, processes and AEMO procedures and guidelines
  - costs to existing systems and processes
  - how costs and risks are allocated among key relevant parties, including retailers, MCs and large customers.

## Submissions are due by 15 January 2026

19 There are multiple options to provide your feedback throughout the rule change process.

20 Written submissions responding to this consultation paper must be lodged with the Commission by 15 January 2026 via the Commission's website, www.aemc.gov.au.

21 There are other opportunities for you to engage with us, such as one-on-one discussions or industry briefing sessions. See the section of this paper about "How to engage with us" for further instructions and contact details.

1 Section 7 of the NEL
2 Section 13 of the NERL.

# Full list of consultation questions

**Question 1: Do you agree with the issues that the rule change requests identify with current arrangements for testing and inspection?**

a. Do you agree that MCs face challenges in meeting their testing and inspection requirements? For example:

i. accessing customer sites

ii. arranging activities with retailers and large customers to complete testing and inspection activities

iii. recovering the costs of testing and inspection activities.

b. Do you agree that the current process for MCs to obtain test certificates is inefficient?

**Question 2: Do you agree with Yurika's proposed solution?**

a. Should retailers be allowed to disconnect a large customer's premises if the MC communicates that a large customer has failed to ensure that its metering installation is kept in proper working order?

b. What are the benefits and risks the Commission should consider in assessing this solution?

**Question 3: Do you agree with PLUS ES' proposed solution?**

a. Is it appropriate for the rules to prescribe that contracts between MCs and retailers or large customers include testing and inspection services?

**Question 4: Do you agree with Intellihub's proposed solution?**

a. Should retailers be required to inform large customers that MCs are required to test and inspect metering installations?

b. Should there be a safeguard for cases where a large customer does not fulfil their role in assisting MCs to perform testing obligations?

c. Should retailers be required to arrange supply interruptions to assist MCs in performing testing obligations?

d. Should the previous MC be required to provide a copy of test certificates to the new MC?

**Question 5: Do you agree with AEMO's proposed solution?**

a. Should the definition of 'metering installation' in the NER be changed to explicitly refer to a compliant and verified installation?

b. Should retailers be required to assist MCs in meeting their testing and inspection obligations within a specific time?

c. Should the UFE methodology be changed so that retailers with non-compliant metering installations at their connection points would bear a proportionally greater share of UFE? Are there any unintended consequences in changing the allocation of UFE?

d. Should LNSPs be required to provide advance notice of planned outages to assist MCs in planning testing and inspection activities?

**Question 6: Do you agree that there are scenarios where MCs may not be able to repair malfunctions within the collective timeframes specified in the NER and the exemption periods?**

a. Do you agree that there are scenarios where MCs cannot repair malfunctions that are:

- individual failures within 30 business days?
- family failures within 140 business days?

**Question 7: Do you agree with Intellihub's proposal for the NER to specify what AEMO must consider in the Exemptions procedure?**

a. Should the NER define scenarios, guidance, or principles that AEMO must consider when considering an MCs' application for an exemption? If so, what?

b. Should MCs be able to apply for an extension to the exemption period in other circumstance where an instrument transformer is not required to be replaced?

**Question 8: Assessment framework**

a. Do you agree with the proposed assessment criteria?

b. Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

# How to make a submission

## We encourage you to make a submission

Stakeholders can help shape the solutions by participating in the rule change process. Engaging with stakeholders helps us understand the potential impacts of our decisions and, in so doing, contributes to well-informed, high quality rule changes.

We have included questions in each chapter to guide feedback, and the full list of questions is above. However, you are welcome to provide feedback on any additional matters that may assist the Commission in making its decision.

## How to make a written submission

**Due date:** Written submissions responding to this consultation paper must be lodged with Commission by 15 January 2026

**How to make a submission:** Go to the Commission's website, www.aemc.gov.au, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code RRC0070/ERC0419.[3]

You may, but are not required to, use the stakeholder submission form published with this consultation paper.

Tips for making submissions are available on our website.[4]

**Publication:** The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential, or that we consider inappropriate (for example offensive, defamatory, vexatious or irrelevant content, or content that is likely to infringe intellectual property rights).[5]

## For more information, you can contact us

Please contact us with questions or feedback at any stage, noting the project code.

| | |
|---|---|
| Email: | aemc@aemc.gov.au |
| Telephone: | (02) 8296 7800 |

3 If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission.

4 See: https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request/submission-tips

5 Further information is available here: https://www.aemc.gov.au/contact-us/lodge-submission

# Contents



## Tables

# 1 The context for these rule change requests

This consultation paper invites stakeholder feedback on rule change requests submitted by Yurika, PLUS ES, Intellihub and the Australian Energy Market Operator (AEMO)(the proponents). These propose changes to the arrangements for metering testing and inspection, as well as for repairing malfunctions.

This chapter outlines:

- context and recent changes to the current testing and inspection, and malfunction repair arrangements
- issues identified in each rule change request and the proposed solutions to address these issues with the metering testing and inspection, and malfunction repair arrangements.

This is discussed in more detail in chapter 1, chapter 2 and chapter 3.

## 1.1 MCs consider testing and inspecting meters, and repairing any malfunctions in a timely manner, is challenging

Metering Coordinators (MCs) are responsible for testing and inspecting metering installations to ensure they meet the performance and accuracy requirements under Chapter 7 of the NER.[6] These requirements support the accuracy of the data used to bill customers, settle markets, and operate the system.

However, many metering installations are not being tested and inspected by MCs, and malfunctions are not being repaired in a timely manner. This means that metering data may be inaccurate for many customers.[7]

Recent reforms have improved the meter testing and inspection, and malfunctions frameworks, including:[8]

- ***Review of the regulatory framework for metering services*** **(the Review)** - identified opportunities to minimise the complexity and cost of testing and inspection to support the accelerated deployment of smart meters by 2030.
- ***Accelerating smart meter deployment*** **rule change (metering rule change)** - implemented the Review's recommendations, including:
  - exempting legacy meters from testing and inspection requirements until 2030
  - requiring AEMO to provide MCs additional clarity in how they should meet their testing and inspection requirements
  - implementing appropriate timeframes for replacing or rectifying metering installation malfunctions
  - requiring MCs to provide AEMO with a rectification plan for malfunctioning metering installations when applying for an exemption.
- **AEMO's Exemption procedure and Metrology procedure part C** - was amended to reflect changes to the testing and inspection, and malfunctions framework from the metering rule change.

6 Clause 7.3.2(e) of the NER.

7 AEMO, Supporting metering compliance rule change request, p. 4; Yurika, Changes to the meter testing framework for large customers rule change request, p. 6.

8 AEMC, Review of the regulatory framework for metering services final report, August 2023; AEMC, Accelerating smart meter deployment rule change, November 2024; AEMO, Exemption procedure, June 2025; AEMO, Metrology procedure part C, June 2025.

These reforms collectively reduced MCs' non-compliance risk, particularly for legacy meters, and meters installed by 2030. This is by:

- supporting MCs to comply with their testing and inspection requirements
- establishing appropriate timeframes for MCs to repair meter malfunctions.

However, as explained in chapter 2 and chapter 3, the proponents consider that there are still issues with the testing and inspection, and malfunctions frameworks that make it challenging for MCs to comply with their requirements.

The Australian Energy Regulator (AER) has agreed to a number of compliance plans, whereby the relevant MCs commit to ensuring that their large customers' high voltage (HV) metering installations are tested as per NER obligations. As MCs have made efforts to comply with the compliance plans and through consultation with MCs, the AER found that:[9]

- It was difficult for MCs to ensure metering installations comply with the NER testing requirements.
- While these MCs have improved compliance levels, many factors have impacted MC's ability to achieve full compliance.

## 1.2 We have received four rule changes that seek to improve the testing and inspections, and malfunctions frameworks

The proponents have each submitted a rule change on the shared subject matter and common objective of improving the metering testing and inspection, and malfunction repair arrangements. Given the significant overlaps and interactions between the rule change requests, the Commission has formally consolidated them and will treat them as if they were one.

Under consolidation, there is a new project name: *Supporting compliance with meter maintenance obligations*. The project codes are RRC0070 and ERC0419.

Each of the consolidated rule change requests is summarised below:

1. **Changes to the meter testing framework for large customers** submitted by Yurika on 2 June 2025. This rule change request proposes to introduce a process by which a retailer can de-energise a large customer's premises. This process would apply if the MC communicates that a large customer has failed to ensure that its metering installation, including all components owned or within the control of the large customer, is compliant with the requirements of the National Electricity Rules (NER) and National Energy Retail Rules (NERR) (see section 2.3.1for more detail).
2. **Compliance with metering testing requirements** submitted by PLUS ES on 15 July 2025. PLUS ES proposes changes to ensure that the terms of the appointment of the MC by a retailer or large customer include all metering installation testing and inspection obligations of the MC at a reasonable commercial rate (see section 2.3.2 for more detail).
3. **Improving the metering installation maintenance framework** submitted by Intellihub on 10 October 2025. Intellihub proposes to improve the metering maintenance and malfunction rectification frameworks (see section 2.3.3 for more detail).
4. **Supporting metering compliance** submitted by AEMO on 22 September 2025. This rule change proposes changes to enhance the current metering compliance framework for large

9 The AER has been agreeing to compliance plans after the responsibility of testing and inspection requirements shifted from DNSPs or retailers to MCs under the Expanding competition in metering and related services rule change. Available here.

customers and rectification or replacement of meter malfunctions, including for small customers (see section 2.3.4 for more detail).

This consultation paper should be read together with the four rule change requests, which can be found on our website.[10]

## 1.3 We will undertake a standard rule change process

This paper is the first stage of our consultation process.

A standard rule change request includes the following formal stages:

- a proponent submits a rule change request
- the Commission commences the rule change process by publishing a consultation paper and seeking stakeholder feedback
- stakeholders lodge submissions on the consultation paper and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a draft determination and draft rule (if relevant)
- stakeholders lodge submissions on the draft determination and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant).

You can find more information on the rule change process on our website.[11]

To make a decision on this proposal, we seek stakeholder feedback on how we propose to assess the requests, the stated problem and the proposed solutions.

Submissions to this consultation paper are due by **15 January 2026.** Information on how to provide our submission and other opportunities for engagement is set out at the front of this document.

The Commission expects to publish a draft and final rule determination by the end of March 2026 and the end of June 2026, respectively.

10 See here: Changes to the meter testing framework for large customers; Compliance with metering testing requirements; Supporting metering compliance and Improving the metering installation maintenance framework.

11 See our website: https://www.aemc.gov.au/our-work/changing-energy-rules

# 2 The rule change requests propose changes to the meter testing and inspection framework

The four rule change requests aim to improve MC compliance with their testing and inspection obligations under the NER for large customers, who have metering installations at HV connection points.[12] Each rule change proposes an alternative solution to the same or similar issue it sees with the current arrangements for testing and inspecting metering installations.

This chapter outlines:

- the current arrangements for testing and inspection of metering installations
- the issues with the existing arrangements that the rule change request proponents identify in practice
- the proposed solutions to improve the current arrangement for testing and inspecting metering installations.

## 2.1 MCs are responsible for testing and inspecting metering installations with no associated obligation on retailers and large customers

MCs must ensure that metering installations meet the performance and accuracy requirements under Chapter 7 of the NER.[13] A metering installation includes the meter and other metering components, such as current or voltage transformers.[14]

For meter testing, MCs are required to ensure that it is carried out in accordance with standards under the NER. Alternatively, MCs may determine an asset management strategy that defines an alternative testing practice (other than time based) that is approved by AEMO.[15]

These requirements support the accuracy and reliability of the data used to bill customers, settle markets and operate the system. As such, MCs are subject to a Tier 1 civil penalty to ensure that metering installations are maintained with these testing and inspection requirements.[16]

The NER does not provide for any exemptions where MCs are unable to meet their testing and inspection obligations.

**MCs obtain test certificates once they have fulfilled their testing obligation**

MCs obtain a testing certificate once a metering installation has passed testing to the required standard in the NER.[17] MCs are required to retain the appropriate test certificates and are not required to share these test certificates with another party, including an incoming MC appointed to the metering installation (although references to test certificates must be included in the metering register).[18]

12 Large customers are defined under the NERL as a business customer who consumes energy at business premises at or above the upper consumption threshold. The National Energy Retail Regulations provides the upper consumption threshold for electricity is 100MWh per annum. It varies in South Australia (160 MWh per annum) and Tasmania (150 MWh/annum).

13 Clause 7.3.2(e) of the NER.

14 Clause 7.8.2(b) of the NER.

15 Clause S7.6.1(c)(2) of the NER.

16 Clause 7.3.2(e) of the NER, among others, is a Tier 1 civil penalty provision.

17 Under clause S7.6.1 of the NER.

18 Clauses S7.6.1(b) and S7.1.2(b)(5) of the NER.

### 2.1.1 Retailers and large customers have no obligation under the rules to support MCs in their testing and inspection obligations

Retailers or large customers can appoint an MC at a connection point.

**Where a retailer appoints an MC -** the retailer is responsible for arranging metering services for its customers, including large customers.[19] MCs provide the metering services for retailers and these services are specified in contracts between MCs and retailers. To support MCs to provide metering installation, maintenance, repair or replacement services, retailers may arrange planned interruptions for these forms of metering work.[20] However, the retailer-planned interruption requirements do not specifically provide for interruptions in relation to MCs' testing and inspection obligations.

**Where a large customer appoints an MC -** the large customer has a contractual relationship with the MC for metering services. MCs may or may not also have a contractual relationship with the large customer's retailer.

The NER does not require retailers or large customers to ensure the metering installation has been tested and inspected, nor are they specifically required under the NER to support MCs in testing and inspecting metering installations. MCs have reported that this means that testing and inspection services may not always be included in contracts between MCs and retailers or large customers.

## 2.2 The rule change requests consider that existing arrangements make it challenging for MCs to meet their testing and inspection obligations for large customers

AEMO and Yurika suggest that many large customers' sites are not tested and inspected by MCs.[21]

The rule change requests consider that, in practice, there are two key challenges for MCs to test and inspect metering installations in accordance with requirements under the NER:

1. **MCs require assistance or cooperation from retailers and large customers to perform testing and inspection obligations.** Depending on which party they are appointed by and have a contract with for metering services, MCs are reliant on retailers or large customers to facilitate the activities required for testing and inspecting metering installations to meet their obligations. However, MCs do not have the power to require or incentivise these parties to assist with these activities. These can include:
   - access to the metering installation
   - arranging activities for meter testing, including supply interruptions
   - cost recovery for meter maintenance work.
2. **The current process for obtaining test certificates for HV voltage or current transformer (VT or CT) is inefficient.**

These issues are specific to retailers and large customers with metering installations at high-voltage (HV) connection points.

19 Clause 7.2.1(a) of the NER.

20 Rules 59B and 59C of the NERR.

21 AEMO, Supporting metering compliance rule change request, p. 4; Yurika, Changes to the meter testing framework for large customers rule change request, p. 6.

The rule change requests suggest that metering installations' non-compliance with testing and inspection requirements would lead to poor outcomes for consumers from:[22]

- lack of confidence, accuracy and fairness in billing and market settlement
- inefficient market processes, the costs of which are passed down to consumers
- reduced safety outcomes as irregular testing could increase the risk of defects and failure of metering equipment, for example, oil leaks.

### 2.2.1 MCs require assistance or cooperation from retailers and large customers for performing testing and inspection obligations

**MC face challenges in getting site access to test and inspect metering installations in some circumstances**

PLUS ES and AEMO suggest that MCs need to physically access metering installations for maintenance work to comply with their testing and inspection obligations. However, they are unable to get access to metering installations as they require cooperation from the large customer, or retailer if they have the customer-facing role, to get access.[23]

**MCs find it difficult to arrange activities required for complying with testing and inspection obligations**

Yurika, PLUS ES and Intellihub suggest that MCs need retailers and large customers to assist them in arranging meter maintenance activities so that MCs can comply with their testing and inspection obligations. For example, MCs typically rely on retailers to arrange supply disconnections at the large customers' premises to test current and/or voltage transformers.[24] MCs may also need cooperation from large customers. For example, to arrange the date of supply disconnection and/or provide a quote for testing the metering installation.[25]

However, these rule change proponents view that retailers and large customers are not incentivised to assist MCs with these meter maintenance activities. They consider that retailers and large customers may not want to undertake these activities because they can be costly, disruptive and inconvenient for their business operations.[26] Yurika outlined that supply interruptions can last up to 12 hours and can cost between $15,000 to $20,000.[27]

Yurika, Intellihub and PLUS ES note that these challenges result in:[28]

- lengthy administrative processes to arrange and complete activities required for meeting testing and inspection obligations, including confirming power outage dates and quotes for testing and following up on a copy of test certificates (ie, 12 to 24 months)
- lack of engagement from large customers to arrange a supply interruption to avoid testing costs

22 PLUS ES, Compliance with metering testing requirements rule change request, p. 8; Yurika, Changes to the meter testing framework for large customers rule change request, p. 15; Intellihub, Improving the metering installation maintenance framework rule change request, p. 13; AEMO, Supporting metering compliance rule change request, p. 15.

23 PLUS ES, Compliance with metering testing requirements rule change request, p. 2; AEMO, Supporting metering compliance rule change request, p. 4.

24 MCs cannot perform a planned interruption under the current rules. They must seek a retailer or DNSP to perform a planned interruption on their behalf (ie, a retailer-planned interruption or a distributor-planned interruption, respectively, under the NERR). A distributor-planned interruption is undertaken when a retailer-planned interruption is not possible, or upon the retailer's request. For example, for shared-fuse scenarios where a supply interruption affects customers of more than one retailer. Rule 59C and 91A of the NERR.

25 Yurika, Changes to the meter testing framework for large customers rule change request, pp. 6-7; Intellihub, Improving the metering installation maintenance framework rule change request, p. 4; PLUS ES, Compliance with metering testing requirements rule change request, pp. 2-3.

26 Yurika, Changes to the meter testing framework for large customers rule change request, p. 6; Intellihub, Improving the metering installation maintenance framework rule change request, p. 6; PLUS ES, Compliance with metering testing requirements rule change request, p. 2.

27 Yurika, Changes to the meter testing framework for large customers rule change request, p. 6.

28 Yurika, Changes to the meter testing framework for large customers rule change request, pp. 6-7; Intellihub, Improving the metering installation maintenance framework rule change request, p. 5; PLUS ES, Compliance with metering testing requirements rule change request, p. 2.

- large customers not fully recognising the value of testing and inspection.

Although MCs could develop alternative testing strategies that do not require supply interruptions, Yurika states this approach is not preferable in ensuring testing is carried out safely.[29]

**MCs find it challenging to recover costs for meter testing and inspection activities through contracts with large customers**

Under current arrangements, MCs recover costs through contracts with retailers or large customers. However, PLUS ES notes that these metering services contracts with retailers or large customers often exclude cost recovery for some testing and inspection activities, especially, for example, for the larger expense items such as HV CT and accuracy testing. PLUS ES also considers that there is limited to no other path to recover costs for testing and inspection tasks required to meet their testing and inspection obligations.[30]

### 2.2.2 The current process for obtaining test certificates for HV voltage or current transformer (VT or CT) is inefficient

Yurika and Intellihub consider it problematic that a previous MC is not obligated to provide the new MC with a copy of valid test certificates that verify a metering installation is compliant with the NER. This is because it:

- causes an administratively inefficient process and MCs to incur unnecessary costs, whereby the current MC needs to confirm the compliance status of the metering installation, follow up with the previous MC or large customer to obtain a copy of the test certificates (if available) or organise testing with the large customer where there are no valid test certificates. Intellihub considers that this causes a negative experience for HV customers from the new MC having to obtain new test certificates.
- allows large customers to churn between MCs without holding valid test certificates and MCs cannot terminate or refuse being appointed to a non-compliant meter without a different MC willing to take on the role as replacement.

Chapter 2 outlines each proponent's proposed solution to their respective issue that they identify with the current testing and inspection arrangement.

**Question 1: Do you agree with the issues that the rule change requests identify with current arrangements for testing and inspection?**

a. Do you agree that MCs face challenges in meeting their testing and inspection requirements? For example:

i. accessing customer sites

ii. arranging activities with retailers and large customers to complete testing and inspection activities

iii. recovering the costs of testing and inspection activities.

b. Do you agree that the current process for MCs to obtain test certificates is inefficient?

29 Yurika, Changes to the meter testing framework for large customers rule change request, p. 6.

30 PLUS ES, Compliance with metering testing requirements rule change request, p. 2.

## 2.3 The rule change requests propose different solutions to support MCs' compliance with testing and inspection requirements

Yurika, PLUS ES, Intellihub, and AEMO each propose a different solution to overcome the challenges faced by MCs in complying with their testing and inspection obligations under the NER:

- Yurika proposes allowing retailers to disconnect a large customer's premises for non-compliant metering (section 2.3.1).
- PLUS ES proposes requiring testing and inspection obligations to be included in commercial agreements (section 2.3.2).
- Intellihub proposes requiring retailers to inform large customers that MCs are required to test and inspect metering installations (section 2.3.3).
- AEMO proposes changing how Unaccounted for Energy (UFE) is allocated among retailers (section 2.3.4).

### 2.3.1 Yurika proposes to enable retailers to disconnect a large customer's supply for non-compliant metering

Yurika's proposed solution is to enable retailers to disconnect a large customer's premises to facilitate meter testing. Yurika considers that this would appropriately share responsibility between large customers and MCs for testing and inspecting metering installations.

Yurika proposes the following three changes to facilitate the appropriate enforcement action for metering compliance:

- Introducing a new power in the NERR for retailers to de-energise a large customer's premises if the MC communicates that a large customer has failed to ensure that its metering installation is kept in proper working order.
- Requiring retailers to arrange for re-energising a large customer's premises.
- Amending MC's testing responsibility in the NER from an absolute to a best endeavours obligation.

**Introducing a new power and process where retailers may de-energise a large customer's premises to support metering compliance**

Yurika proposes changes to allow retailers to de-energise a large customer's premises if informed by the MC.

Yurika provides an outline of the process for how retailers would de-energise a large customer's premises if the MC communicates that a large customer has failed to ensure that its metering installation is kept in proper working order. This includes that all components owned by, or within the control of, the large customer are compliant with the relevant requirements under the NER.

At a high level, the proposed process involves the following steps:

- The MC notifies the large customer that they need to act to ensure components of its metering installation are maintained in accordance with the NER.
- If the large customer does not act accordingly:
  - the MC will notify them that their premises could be de-energised
  - the retailer may de-energise their premises provided they follow certain steps beforehand.

Yurika also outlines how the process would work if the large customer changes MC or retailer.

Table 2.1provides more details of the proposed process.[31]

31 Yurika, Changes to the meter testing framework for large customers rule change request, pp. 11-14.

**Table 2.1: The process for de-energisation under Yurika's proposed solution**

| Stage/scenario | Action |
|---|---|
| **Notification - action for testing** (ie, Notice for action) | MC notifies the large customer that the large customer needs to take action to ensure each component of its metering installation owned by the large customer, or within its control, is kept in proper working order to ensure accuracy of metering consumption data (ie, ensure HV CT/VT testing and inspection requirements in accordance with the NER). |
| **Notification - intention to arrange de-energisation** (ie, Notice of intention to request de-energisation) | MC notifies the large customer of its intention to arrange de-energisation with their retailer if the large customer does not take the action required to meet testing and inspection requirements. |
| **De-energisation** | The retailer may de-energise a large customer's premises if:<br>• the large customer has failed to ensure its metering installation is compliant with testing and inspection requirements under the NER<br>• the MC has confirmed to the retailer that:<br>  • the MC has provided the large customer with three notices that it must take action for testing<br>  • large customer has failed to take action within 30 business days of the Notice for action.<br>The intention to request de-energisation must state:<br>• date of its issue<br>• date on which the MC intends to give notice to the retailer to arrange for de-energisation, including the reasons the MC considers components owned by the large customer, or within its control, that comprises a metering installation, are not in proper working order<br>• state the clause(s) of the NER that the MC considers the large customer is compliant with (if the MC considers the metering installation is compliant)<br>• the actions that the large customer must take to the satisfaction of the MC to meet meter accuracy requirements<br>• the contacts details of the MC.<br>Rights and obligations after de-energisation: |

| Stage/scenario | Action |
|---|---|
| | • The de-energisation does not limit or waive any of the large customer's rights and obligations under their contract with their retailer arising before de-energisation. This includes, but not limited to, any of the large customer's obligations to pay amounts owed to the retailer.<br>• The large customer must pay any fees or charges to the MC associated with arranging the de-energisation.<br>De-energisation no longer required:<br>The MC is liable to pay any reasonable costs associated with the retailer's visit to the site for de-energisation if the large customer has taken the required action outlined in the Notice of intention to request de-energisation and de-energisation is no longer required. |
| **Large customer changes MC** | The new or incoming MC is not required to restart the process of issuing notices for action, provided that the outgoing MC lets the incoming MC know of the progress on issuing notices for action and de-energisation. |
| **Large customers changes retailer** | The incoming retailer is required to continue the process initiated by the MC to de-energise a large customer's premises where requirements are satisfied. |

**Requiring retailers to re-energise a large customer's premises where a large customer has taken compliance action**

Yurika suggests the retailer would be required to initiate a request to the distribution network service provider (DNSP) for re-energising a large customer's premises, or arrange to re-energise the premises remotely (if permitted under energy laws). This is where the large customer has done the following within 10 days of the de-energisation by the retailer:

- taken action or rectified matters required for compliant metering to the satisfaction of the MC
- requested for re-energisation
- paid any charge for re-energisation to the MC.

**Softening MCs' obligation for meter testing and inspection**

Currently, MCs must meet their testing and inspection requirements in the NER. Yurika proposes to soften MCs testing and inspection obligations by allowing MCs not to meet their testing and inspection requirements after it has made its best endeavours to meet these requirements.

To implement this, Yurika proposes to change Schedule 7.6.1(c) to require MCs to 'must use its best endeavours' to meet its testing and inspection requirements, instead of the current wording, which says that MCs 'must ensure' testing and inspection requirements are carried out.

Yurika views this as recognising that MCs require support from retailers and large customers to fulfil their obligations. An MC, through its best endeavours, would not be able to comply with its obligations without the support of the relevant retailer and large customer.[32]

Yurika considers that this change is still required even if the de-energisation proposal is not accepted. This is to ensure that MCs are not strictly held responsible for non-compliance where they are unable to get the support of a large customer to comply with the NER requirements.

**Yurika considers that there are costs and benefits to its proposed solution**

Yurika expects additional costs and benefits for each relevant party under its proposal, as summarised in Table 2.2.

**Table 2.2: Yurika's view on expected costs and benefits from its proposal**

| Party | Costs would be incurred to | Benefits |
|---|---|---|
| MC | None compared to the current framework. | Avoided costs to MCs associated with organising customer compliance. |
| Large customers | For non-compliant customers, costs to undertake instrument transformer testing in accordance with NER obligations. None for compliant customers. | Reduced risk of adverse safety outcomes associated with non-compliant instrument transformers. |
| Retailers | Administrative costs associated with organising de-energisation for non-compliant large customers. | Reduced risk of adverse safety outcomes associated with non-compliant instrument transformers. |

Source: Yurika, Changes to the meter testing framework for large customers rule change request, p. 16.

32 Yurika, Changes to the meter testing framework for large customers rule change request, p. 14.

**Yurika considers its proposed solution would contribute to the NEO and NERO**

Yurika submits that its proposed rule change to support MCs' compliance with HV CT/VT meter testing obligations would contribute to both the NEO and NERO. That is, by promoting efficiency in the investment, operation and use of electricity and energy services by improving:

- **safety outcomes:** performance of the metering installation would be supported, protecting the safety and security of related equipment and personnel as irregular testing can increase the risk of defects and failure (eg, explosive failure or leaks) and compromise safety outcomes
- **network security:** instrument transformers can support network reliability and security as they provide metering data to AEMO to effectively operate and monitor the network
- **financial accuracy:** there would be reduced risk of over-billing at the expense of the customer, or under-billing at the expense of the retailer
- **market efficiency:** there would be more efficient operation of the meter testing framework with regulatory risks appropriately shared between all relevant stakeholders.

**Question 2: Do you agree with Yurika's proposed solution?**

a. Should retailers be allowed to disconnect a large customer's premises if the MC communicates that a large customer has failed to ensure that its metering installation is kept in proper working order?

b. What are the benefits and risks the Commission should consider in assessing this solution?

### 2.3.2 PLUS ES proposes to require testing and inspection obligations to be included in commercial agreements

PLUS ES proposes to introduce a requirement in the NER that the terms of appointment of the MC (ie, the contract between retailers and MCs or large customers and MCs for metering services) include all the MC's testing and inspection obligations at a reasonable commercial rate.

The rule change request considers that this proposed change would support compliance and cost recovery for meter maintenance. This is because retailers or large customers would have a contractual obligation to support MCs' compliance with meter maintenance obligations, which is expected to reduce other barriers to performing testing (eg, gaining site access) to reflect the commercial agreement.[33]

**PLUS ES considers that there are costs and benefits to its proposed solution**

Table 2.3 summarises the costs and benefits for retailers and large customers that PLUS ES outlines for its proposal.

33 PLUS ES, Compliance with metering testing requirements rule change request, p. 4.

**Table 2.3: PLUS ES' view on expected costs and benefits from its proposal**

| Party | Costs would be incurred to | Benefits |
|---|---|---|
| Retailers | • pay MCs for testing and inspection activities<br>• perform tasks that support MCs with their testing and inspection obligations, such as arranging retailer-planned interruptions | More accurate metering for market settlement. |
| Customers | • to allow access and temporary power outages - residential and small to medium businesses<br>• pay for testing and inspection activities in accordance with their electricity purchase agreement with their retailer, if market fees are itemised separately to the electricity purchase component of their bill - larger, primarily HV customers. | Improve assurance of accurate metering and increase customer confidence in the measurement of their electricity use. |

Source: PLUS ES, Compliance with metering testing requirements rule change request, pp. 5-6.

**PLUS ES considers that its proposed solution would contribute to the NEO**

PLUS ES views that its proposed rule change to support MCs' compliance with HV CT/VT meter testing obligations would contribute to the NEO. That is, by promoting efficiency in the investment, operation and use of energy services by:[34]

- **improving efficiency:** MCs would secure assistance from third parties that have the power to help overcome barriers to meeting compliance obligations (ie, the retailer or large customer). This would save wasted efforts and costs. MCs would also be able to recover costs for meter maintenance activities
- **maintaining competition for metering services:** MCs would still compete for the delivery of metering services to the person appointing the MC. Rather, it would encourage MCs to develop the most efficient and workable way to recover costs for its metering services, including testing and inspection
- **compliance and improved assurance of metering accuracy:** MCs would be able to achieve full compliance with requirements of the NER. Also, retailers and customers can have confidence in the accuracy of metering for market settlement and customer billing.

**Question 3: Do you agree with PLUS ES' proposed solution?**

a. Is it appropriate for the rules to prescribe that contracts between MCs and retailers or large customers include testing and inspection services?

### 2.3.3 Intellihub propose changes so that MCs get cooperation from retailers and large customers for testing activities and obtain test certificates

Intellihub proposes four changes to the rules to address the two key challenges for MCs to meet their testing and inspection requirements outlined in section 2.3.3:[35]

- Requiring retailers to inform large customers that MCs are required to test and inspect metering installations.
- Having a safeguard for cases where a large customer does not fulfil their role in assisting MCs to perform testing obligations.
- Requiring retailers to arrange supply interruptions to assist MCs in performing testing obligations.
- Requiring the previous MC to provide a copy of test certificates.

**Requiring retailers to inform large customers of their role to assist MCs in performing testing obligations**

Under Intellihub's proposal, retailers must inform HV customers, at least annually, of HV customers' role in testing metering installations. This includes:[36]

- providing safe access to testing
- the date when the next test must be completed by (Test due date) for VT and CT testing
- encouraging the customer to nominate a date for testing

34 PLUS ES, Compliance with metering testing requirements rule change request, pp. 8-9.
35 Intellihub, Improving the metering installation maintenance framework rule change request, pp. 8-9.
36 Intellihub, Improving the metering installation maintenance framework rule change request, p. 8.

- who to contact to arrange the testing
- outlining the process if the customer does not nominate a date for testing by 12 months prior to the test due date.

**Having a safeguard for cases where large customers do not assist MCs with their testing obligations**

Intellihub views that new obligations on the MC, retailer and local network service provider (LNSP) (outlined below) would serve as a safeguard in cases where a large customer fails to assist in preparing for testing activities to meet their testing obligations in the NER.[37]

12 months before the Test due date:

- the MC must raise a request for a supply interruption to the retailer
- the retailer must raise a request to the local network service provider (LNSP) for a coordinated supply interruption
- the LNSP must update MSATS to indicate that this process has started, so any new retailer or new MC has visibility that this process has started.

If the customer refuses to engage with the LNSP, then the LNSP must:

- arrange a supply interruption for testing by the Test due date
- provide the HV customer and the MC with appropriate notice (eg, at least 60 business days).

**Requiring retailers to arrange supply interruptions to assist MCs in performing testing obligations**

Under Intellihub's proposal, the retailer must:[38]

- initiate a supply interruption for a date, or date range, nominated by the MC
- inform the MC of the supply interruption date, or date range, notified to the customer or if the LNSP was requested to perform the supply interruption
- provide all reasonable assistance to support the MC eg, initiating the supply interruption process in a timely manner.

**Requiring the previous MC to provide a copy of the test certificates**

Intellihub proposes requiring the previous MC appointed to a connection point to provide a copy of HV VT or HV CT test certificates within 10 business days of the request from the current MC.

**Intellihub considers that there are costs and benefits to its proposed solution**

Table 2.4 summarises Intellihub's view on the costs and benefits for retailers and large customers under its proposal.

37 Intellihub, Improving the metering installation maintenance framework rule change request, pp. 8-9.

38 Intellihub, Improving the metering installation maintenance framework rule change request, pp. 8-10.

**Table 2.4: Intellihub's view on expected costs and benefits from its proposal**

| Party | Costs would be incurred to | Benefits |
|---|---|---|
| Large customers | implement minor B2B changes. | • Better awareness of what steps they can take to support the HV testing framework and what would happen if they do not take supportive action.<br>• Transparency and control over the cost of the testing as they would be able to engage their preferred testing provider.<br>• Lower administrative burden (ie, contacted less to provide test certificates), or less likely to incur additional avoidable costs in arranging for duplicated testing. |
| Retailers and MCs | change internal systems to support the proposal. | MCs would have a more efficient administrative process and less likely to be at risk of non-compliance due to inaction of a retailer. |
| New/incoming MC | N/A | The new MC could have a more efficient administrative process for obtaining copies of test certificates. |

Source: Intellihub, Improving the metering installation maintenance framework rule change request, pp. 11-12.

**Intellihub considers its proposed solution would contribute to the NEO and NERO**

Intellihub states that its proposed rule changes would contribute to both the NEO and NERO. That is, by promoting efficiency in the investment, operation and use of electricity and energy services by improving:

- **confidence and fairness in energy billing:** by improving the metering installation maintenance framework for large customers
- **safety outcomes:** enabling MCs to identify and rectify safety-related issues and risks sooner
- **market efficiency:** more efficient market processes and outcomes. Also, the removal of MCs' non-compliance risk and lower administrative costs through clear obligations on relevant parties in the meter maintenance process.

**Question 4: Do you agree with Intellihub's proposed solution?**

a. Should retailers be required to inform large customers that MCs are required to test and inspect metering installations?

b. Should there be a safeguard for cases where a large customer does not fulfil their role in assisting MCs to perform testing obligations?

c. Should retailers be required to arrange supply interruptions to assist MCs in performing testing obligations?

d. Should the previous MC be required to provide a copy of test certificates to the new MC?

### 2.3.4 AEMO proposes to change the definition of 'metering installation' and how UFE is allocated among retailers

To support MCs in complying with their meter testing and inspection obligations, AEMO proposes four solutions. AEMO considers these proposed changes are complementary. These are to make changes to the following in the NER:[39]

- the definition of 'metering installation'
- requiring retailers to assist MCs to meet their testing and inspection obligations within a specific time
- how UFE is allocated among retailers as financially responsible market participants (FRMPs)
- requiring Distribution Network Service Providers (DNSPs) to provide advance notice of planned outages.

**Changing the definition of 'metering installation'**

AEMO considers that the definition of 'metering installation' in Chapter 10 of the NER should be clarified to explicitly mean that the metering installation is compliant with testing and inspection requirements in the NER.

As retailers have an existing obligation to ensure there's a metering installation at a connection point, AEMO views that this change would mean retailers are also accountable for metering installations to meet testing and inspection requirements.[40]

39 AEMO, Supporting metering compliance rule change request, p. 4.

40 Clause 7.2.1(a)(2) of the NER. AEMO, Supporting metering compliance rule change request, pp. 4,9.

### Requiring retailers to assist MCs in meeting their testing and inspection obligations within a specific time

AEMO proposes requiring retailers to assist MCs with their testing and inspection obligations within a specific time. This is where an MC is unable to perform these obligations due to limitations from the customer or not being able to access the site of the metering installation. For example, 60 business days from being notified by the MC or becoming aware of the issue.[41]

### Changing the method for how UFE is allocated among retailers

AEMO considers it problematic that UFE is currently allocated among retailers without considering their share of non-compliant metering in the market. This is because:[42]

- retailers with non-compliant metering installations do not bear consequences for this non-compliance outcome, as they incur no additional settlement costs relative to a fully compliant retailer. AEMO states that a metering installation's non-compliance with testing and inspection requirements increases the likelihood of contributing to UFE
- it fails to incentivise them to assist MCs overcome barriers to meet their meter maintenance obligation, such as site access issues.

AEMO proposes to change the method of allocating UFE under clause 3.15.5 of the NER so that retailers with non-compliant metering installations at their connection points would bear a proportionally greater share of UFE (see Box 1 for the current UFE allocation framework under the NER). AEMO views that this would ensure that the financial consequences of non-compliance are borne by those responsible, aligning costs with behaviour.

#### Box 1: Current allocation of UFE does not account for metering installations' compliance status

The UFE allocation framework in the NER requires AEMO to allocate local area UFE volumes across FRMPs in proportion to their share of accounted-for energy in the local area. The calculation is neutral to compliance status and makes no distinction between FRMPs associated with compliant or non-compliant metering installations.

Source: Clause 3.15.5 of the NER. AEMO, Supporting metering compliance rule change request, p. 4.

### Requiring Distribution Network Service Providers to provide advance notice of planned outages

As an additional supporting measure, AEMO proposes to require Distribution Network Service Providers (DNSPs) to provide retailers and MCs with advance notice of planned outages. This would allow compliance work to be scheduled during those shutdowns wherever practical.

AEMO submits that together, these changes aim to address the access barrier at distribution HV connection points, strengthen incentives for timely compliance, improve the fairness and accuracy of UFE allocation, and provide practical tools to achieve it.[43]

### AEMO considers that there are costs and benefits to its proposed solutions

AEMO considers that the rule change would involve the following implementation costs.[44]

- For AEMO:

41 Clause 7.2.1(a)(2) of the NER. AEMO, Supporting metering compliance rule change request, pp. 4,9.
42 AEMO, Supporting metering compliance rule change request, p. 7.
43 AEMO, Supporting metering compliance rule change request, p. 4.
44 AEMO, Supporting metering compliance rule change request, pp. 17-18.

  - System and procedure changes to implement the revised UFE allocation method and to support the new metering installation compliance flag in NMI Discovery.
  - Creating new performance reports for AEMO and key stakeholders.
- For market participants:
  - Some system and process changes, particularly for FRMPs and MCs to align with the new obligations.
  - None for those who operate exclusively at HV metering installations connected to the transmission network.
  - FRMPs may incur additional administrative and operational costs in facilitating access for MCs.

In terms of benefits, AEMO expects the following:[45]

- **Fairer and More Accurate Cost Allocation:** By allocating a greater share of UFE to FRMPs with a non-compliant metering installation at their connection points, the proposed change would ensure that the costs associated with non-compliance are borne by the parties responsible, rather than being spread across compliant participants. This would strengthen incentives to maintain compliance.
- **Improved MC compliance by aligning incentives:** Clarifying the definition of metering installation and requiring FRMPs to facilitate MCs in their meter maintenance obligations would:
  - better ensure metering installations are tested, verified, and maintained as intended under the NER
  - align incentives, confirming that FRMPs are explicitly accountable for ensuring MCs can fulfil their obligations
  - support cooperation and timely resolution of barriers that would otherwise limit MCs performing meter maintenance obligations
  - minimise the duration and extent of non-compliance in the market.
- **Enhanced market integrity:** AEMO's proposed changes together woud support the integrity of market settlement processes, improves market data accuracy, strengthen trust in market outcomes and the enforceability of the rules.
- **Long-term consumer benefits:** Consumer would indirectly benefit from reduced inefficiencies, improved market fairness, and more accurate allocation of costs.

**AEMO considers its proposed solutions would contribute to the NEO**

AEMO views that its proposed rule change to support MCs' compliance with HV CT/VT meter testing, rectifying malfunctions and a fairer allocation of UFE would contribute to the NEO. That is, by promoting efficiency in the investment, operation and use of electricity by improving:[46]

- **market efficiency:** this is from:
  - alignment of costs and obligations with parties best placed to manage them, and ensuring that metering parties are able to fulfil their obligations under the NER
  - reduced UFE – from metering installations being compliant with testing and inspection requirements
  - price benefits – lower settlement inaccuracies that affect retail pricing

45 AEMO, Supporting metering compliance rule change request, p. 17.
46 AEMO, Supporting metering compliance rule change request, p. 15.

  - enhanced competition – by preventing non-compliant participants from benefitting from an indirect cost advantage over those who invest in compliance assurance
  - long-term efficiency – encouraging ongoing investment in metering integrity and timely rectification of faulty meters
  - reduced risk of distorted market settlement outcomes from a high proportion of non-compliant metering installation.
- **consumer outcomes:** from greater accuracy of costs for consumers from more accurate and reliable metering data.

**Question 5: Do you agree with AEMO's proposed solution?**

a. Should the definition of 'metering installation' in the NER be changed to explicitly refer to a compliant and verified installation?

b. Should retailers be required to assist MCs in meeting their testing and inspection obligations within a specific time?

c. Should the UFE methodology be changed so that retailers with non-compliant metering installations at their connection points would bear a proportionally greater share of UFE? Are there any unintended consequences in changing the allocation of UFE?

d. Should LNSPs be required to provide advance notice of planned outages to assist MCs in planning testing and inspection activities?

# 3 Intellihub propose changes to the exemption framework for malfunctions

Intellihub's rule change request identifies an issue with the newly revised malfunctions Exemption procedure, administered by AEMO.[47] It proposes changes to the rules to remove MCs' non-compliance risk with respect to their obligations for repairing malfunctions according to the timeframe requirements in the NER and AEMO's Exemption procedure.

This chapter outlines:

- the current arrangements for rectification of meter malfunctions and AEMO's exemption process
- the issue Intellihub identifies in their rule change request
- the proposed solution to address the issue.

## 3.1 MCs must repair meter malfunctions within a specified time

Following testing and inspection of a metering installation as described in chapter 2, an MC may be notified of a metering malfunction. Where an MC is notified of a metering installation malfunction, the MC is required to repair it within the timeframe specified in Chapter 7 of the NER unless the MC has obtained an exemption from AEMO.[48] These timeframes are outlined in Table 3.1 below:[49]

**Table 3.1: Timeframe requirements for repairing malfunctioning meters**

| Malfunction type and description | Timeframe for repairing the malfunction |
|---|---|
| Individually identified - an individual malfunctioning meter | within 15 business days |
| Family failure - a group of meter malfunctions identified to be malfunctioning through statistical testing | within 70 business days |
| Malfunctions on a shared fuse - a scenario where repairing the malfunction requires interrupting supply to another small or large customer | MCs must repair these malfunctions using a procedure prescribed in the NER, called Shared fusing meter replacement procedure. |

Source: Clause 7.8.10 of the NER.

These timeframe requirements apply from 1 December 2025.[50]

Clear and reasonable timelines support the timely repair of malfunctioning meters, ensuring that metering installations are maintained to support the accuracy of metering data used to bill customers, settle markets and operate the system. As such, the obligations to repair an

47 AEMO. Exemption procedure (metering installation malfunctions) version 1.4, 30 June 2025.
48 Under clause 7.8.10 of the NER.
49 Clauses 7.8.10(a)(2)(i) (individually identified), 7.8.10(a)(2)(ii) (family failure) and 7.8.10D (shared fusing meter replacement procedure) of the NER.
50 The final determination and final rules of the *Accelerating smart meter deployment* rule change made changes to these timeframe requirements. AEMC, *Accelerating smart deployment* rule change final determination, November 2024.

individually identified malfunction or family failure within the relevant timeframe are a Tier 1 civil penalty.[51]

### 3.1.1 MCs can apply to AEMO for an exemption from timeframe requirements under the NER

The NER requires AEMO to establish, maintain and publish a procedure for providing malfunctions exemptions (Exemptions procedure).[52] AEMO's Exemption procedure outline the conditions under which MCs can apply for an:

1. exemption from the timeframes in the NER (called 'exemption period' in the Exemption procedure)
2. extension to the exemption.

**MCs can obtain an exemption from the timeframes in the NER**

An exemption period is the length of time MCs are exempt from the timeframes specified in the NER within which they must repair a metering installation. The exemption period depends on the type of metering installation and/or type of malfunction (see Table 3.2).

According to the Exemption procedure, MCs may only apply for an exemption to the timeframes specified in the NER in extraordinary or non-routine circumstances including, where:[53]

- MCs cannot repair a malfunction within the NER-specified timeframe due to dependency on third parties to perform actions required to repair it. For example:
  - where a retailer must first arrange for the interruption of a small customer's electricity supply.[54]
  - access to a site is dependent on the actions of a third party. [55]
- MCs cannot repair the volume of meters in a family failure within the specified timeframe in the NER. Under AEMO's Metrology Procedure Part C, MCs are supported to define a family size in a way that, if it malfunctions, allows them to repair family failures within the specified timeframes in the NER and Exemption procedure (140 business days in total).[56]

MCs may not apply for an exemption due to day-to-day operational issues, failure to maintain adequate processes or commercial arrangements.

When applying for an exemption, MCs are required to provide AEMO with a rectification plan for malfunctioning metering installations.[57] This obligation is a Tier 2 civil penalty.

**Table 3.2: Exemption periods under AEMO's latest Exemption procedure**

| Type of metering installation and/or malfunction type | Maximum exemption period in addition to the timeframe provided in the NER |
|---|---|
| At smaller customers' premises - individually | 15 business days |

51 Clause 7.8.10(a) of the NER.

52 Clause 7.8.10(b) of the NER.

53 AEMO. Exemption procedure (metering installation malfunctions) version 1.4, p. 6.

54 The retailer and the small customer agree to a date for repairing a meter under clauses 7.8.10B, 7.8.10C or 7.8.10D of the NER as relevant. There are additional timing requirements the distributor must effect the interruption under rule 91A of the NERR following the request of the retailer.

55 In its rule change request, AEMO acknowledges that barriers to site access can make it challenging for MCs to repairing malfunctions within the timeframes specified in the NER. AEMO considers its proposed rule change would reduce barriers to site access. This would support MCs to repair malfunctions within the timeframes specified in the NER without need an exemption. AEMO, Supporting metering compliance rule change request, p. 9.

56 AEMO, Metrology Procedure Part C, section 4.4.1, 9.1 June 2025.

57 Clause 7.8.10(c) of the NER.

| Type of metering installation and/or malfunction type | Maximum exemption period in addition to the timeframe provided in the NER |
|---|---|
| identified (whole current metering installations) | |
| For large customers' premises - individually identified (whole current metering installations) | 15 business days |
| Family failure | 70 business days |
| Metering installations with instrument transformers | MCs must specify the desired exemption expiration date (ie, the date by which the malfunction is planned to be rectified) in their application to AEMO. |

Source: AEMO. Exemption procedure (metering installation malfunctions) version 1.4, p. 7.

**AEMO's Exemption procedure allows extensions to the exemption**

MCs may also seek an extension to their exemption period from AEMO. AEMO will only grant an exemption when repairing a malfunction that requires the replacement of an instrument transformer.[58]

**The existing arrangements for exemptions reflect recent changes made in response to the metering rule change**

The metering rule change made the following changes to the NER with respect to the requirements to repair malfunctions:[59]

- introduced two categories of malfunctions, each with a different timeframe for repairing malfunctions. Malfunctions that are individual failures must be repaired within 15 business days and malfunctions that are family failures must be repaired within 70 business days. The Commission considered these to be reasonable timeframes for MCs to repair malfunctions. Previously, the NER did not consider family failures. All metering installations needed to be repaired within 15 business days.
- required MCs to provide AEMO with a rectification plan for malfunctions when applying for an exemption. This differs from the previous arrangements, where the MC provides AEMO with a rectification plan after receiving an exemption. This change gave AEMO the ability to test the validity of applications before granting an exemption. Previously, AEMO had to provide approvals without MCs having to justify why they require an exemption.
- suspended testing and inspection requirements for legacy metering installations during the period of accelerated smart meter deployment (1 December 2025-2030). This is expected to remove the primary cause of family failures and the source of malfunction exemptions.

The Commission made these changes to reduce:[60]

- administrative costs on AEMO incurred to process a large number of exemption requests by providing AEMO with clearer parameters for administering the exemption framework. Information provided by AEMO states that as of April 2023, around 300,000 meters had been granted exemptions under AEMO's exemption framework, corresponding to approximately 4.4 per cent of customers across the National Energy Market (NEM).
- delays in meter replacements that could otherwise directly impact customer bills.

58 AEMO, Exemption procedure (metering installation malfunctions) version 1.4, p. 10.
59 AEMC, Accelerating smart meter deployment rule change final determination, pp. 36-37.
60 AEMC, Accelerating smart meter deployment rule change final determination, pp. 36-37.

On 30 June, AEMO published a revised Exemption procedure (version 1.4), to reflect changes to NER made by the metering rule change and align with the rule change intent to improve the timeliness of repairing malfunctions.

These changes include:

- specifying exemption period timeframes to align with what the Commission considered were appropriate timeframes to repair malfunctions in the NER. The previous procedure did not specify the duration of an exemption period.[61] AEMO would provide MCs with an exemption period on a case-by-case basis as it assessed an MC's application for an exemption and exemption extension by taking certain matters into consideration, such as:
  - the MC's rectification plan
  - whether the MC has actively sought to find a way to rectify the metering installation malfunction
  - the impact of the metering installation malfunction on settlements and other market participants.
- limiting the circumstances where an exemption may be requested to the extraordinary or non-routine circumstances described above. In the previous procedure, there were no specific conditions or circumstances under which MCs may apply for an exemption in practice.[62]
- limiting cases where extensions may be considered, where previously AEMO would consider a range of matters when deciding to extend the exemption period.[63]

The previous version of the Exemption procedure is materially different to the revised version because it did not reflect these material changes. Particularly, the requirement for MCs to provide AEMO with a rectification plan at the time of their exemption application.

AEMO considered it necessary to place clear limitations on the use of metering installation malfunction exemptions because it would encourage MCs to improve their operational practices. For example, limiting the exemptions process would ensure that MCs improve their monitoring, diagnostic, and site management practices to improve the timeliness of repairing malfunctioning metering installations. This would avoid the need to use the exemptions and exemption extensions process.[64]

## 3.2 New conditions on the exemption period and exemption extension may be unreasonably restrictive

Intellihub considers that there are certain circumstances that are outside their control where they may be unable to repair a malfunction within the new exemption period timeframes. These include where:[65]

- **There is a defect at a small customer's metering installation:** a small customer needs to rectify the defect (as it's part of their private property), which is outside of MCs' control, before the MC can rectify the malfunction.
- **Access to the metering installation is blocked:** in some cases, there may be items blocking the metering installation that requires the customer to remove the item. The customer may only agree to remove the item beyond the exemption period.

61 AEMO, Exemption procedure (metering installation malfunctions) version 1.3, pp. 5, 6.
62 Ibid.
63 AEMO, Exemption procedure (metering installation malfunctions) version 1.3, p. 7.
64 AEMO, 2025 Metering Services Review Package 2 Consultation, 1 July 2025, p. 15.
65 Intellihub, Improving the metering installation maintenance framework rule change request, pp. 6-7.

- **Malfunctions are a family failure:** Given the volumes of meters that need to be rectified, MCs may only discover they are unable to get access to a metering installation well into the 70 business-day exemption period (the maximum of the period allowed under the procedure). For example, the MC is at day 50 of the exemption period, and the customer has agreed to provide access on a date after day 70 of the exemption period.

Under the revised Exemption procedure, MCs would not be able to apply for an extension to repair malfunctions under these circumstances.

**Question 6: Do you agree that there are scenarios where MCs may not be able to repair malfunctions within the collective timeframes specified in the NER and the exemption periods?**

a. Do you agree that there are scenarios where MCs cannot repair malfunctions that are:

- individual failures within 30 business days?
- family failures within 140 business days?

## 3.3 Intellihub proposes the rules to require AEMO to consider additional scenarios in its Exemption procedure

Intellihub proposes two changes to the rules to reduce MCs' non-compliance risk related to rectifying malfunctions. These are particularly for scenarios where MCs' ability to repair depends on assistance from the retailer or small/large customer. The two changes are:[66]

- the NER to define scenarios (eg, matters outside the MC's control), guidance or principles that AEMO must consider when considering an MCs' application for an exemption or exemption extension where the MC demonstrates that they are taking all reasonable steps to resolve the issue. This would apply to both types of malfunctions - individual malfunctions and family failures.
- the NERR to require retailers to assist in communicating and engaging with the customer on the MC's behalf, where the retailer has the customer-facing role.

**Question 7: Do you agree with Intellihub's proposal for the NER to specify what AEMO must consider in the Exemptions procedure?**

a. Should the NER define scenarios, guidance, or principles that AEMO must consider when considering an MCs' application for an exemption? If so, what?

b. Should MCs be able to apply for an extension to the exemption period in other circumstance where an instrument transformer is not required to be replaced?

### 3.3.1 Intellihub considers its proposed solution would contribute to the energy objectives

Intellihub suggests its proposed solution would help remove a non-compliance risk for MCs to meet their obligations for repairing malfunctions according to timeframe requirements in the NER and AEMO's Exemption procedure.[67]

66 Intellihub, Improving the metering installation maintenance framework rule change request, p. 10.
67 Intellihub, Improving the metering installation maintenance framework rule change request, p. 13.

# 4 Making our decision

When considering a rule change proposal, the Commission considers a range of factors.

This chapter outlines:

- issues the Commission must take into account
- the proposed assessment criteria and framework
- decisions the Commission can make.

We would like your feedback on the proposed assessment framework.

## 4.1 The Commission must act in the long-term interests of consumers

The Commission is bound by the National Electricity Law (NEL) and the National Energy Retail Law (NERL) to only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the national electricity objective (NEO) and national energy retail objective (NERO).[68]

The NEO is:[69]

> 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—
>
> (a) price, quality, safety, reliability and security of supply of electricity; and
>
> (b) the reliability, safety and security of the national electricity system; and
>
> (c) the achievement of targets set by a participating jurisdiction—
>
> (i) for reducing Australia's greenhouse gas emissions; or
>
> (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The NERO is: [70]

> to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to—
>
> (a) price, quality, safety, reliability and security of supply of energy; and
>
> (b) the achievement of targets set by a participating jurisdiction—
>
> (i) for reducing Australia's greenhouse gas emissions; or
>
> (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO and NERO.[71]

The Commission must also, where relevant, satisfy itself that the rule is "compatible with the development and application of consumer protections for small customers, including (but not

68 Section 88 of the NEL and 236 of the NERL.
69 Section 7 of the NEL.
70 Section 13 of the NERL.
71 Section 32A(5) of the NEL and Section 224A(5) of the NERL.

limited to) protections relating to hardship customers" (the consumer protections test).[72] Where the consumer protections test is relevant in the making of a rule, the Commission must be satisfied that both the NERO test and the consumer protections test have been met.[73] If the Commission is satisfied that one test, but not the other, has been met, the rule cannot be made (noting that there may be some overlap in the application of the two tests).

## 4.2 Assessment criteria and rationale

The proposed assessment criteria and rationale for each are as follows:

- **Outcomes for consumers.**
  - What are the impacts of non-compliant metering installations on consumers, particularly large customers eg, customer billing due to the inaccuracy of metering data or meter faults?
  - Will the rule change requests' proposed solutions incentivise large customers into supporting MCs meet their testing and inspection obligations?
- **Safety, security and reliability.** We will consider the impact of meter malfunctions that are not rectified in a timely manner, and non-compliant metering installations on:
  - the safety of consumers
  - the accuracy and reliability of data provided to AEMO for market settlement, that is the integrity of metering services provided by MCs (such as metering readings) that support AEMO's operation of the NEM.
- **Principles of market efficiency.** What are the impacts of the rule change requests' proposed solutions on:
  - contractual agreements between FRMPs/large customers and MCs
  - competition between MCs in being nominated as the MC for a connection point
  - how MCs manage their non-compliance risk with their testing and inspection requirements
  - allocation of risk between parties, including MCs, retailers and large customers
  - AEMO's ability to reconcile the market.
- **Implementation considerations.** What do the proposed solutions involve in terms of:
  - how they build on and/or change existing systems, processes and AEMO procedures and guidelines
  - costs to existing systems and processes
  - how costs and risks are allocated among key relevant parties, including retailers, MCs and large customers.

**Question 8: Assessment framework**

a. Do you agree with the proposed assessment criteria?

b. Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

72 Section 236(2)(b) of the NERL.

73 That is, the legal tests set out in sections 236(1) and (2)(b) of the NERL.

## 4.3 We have three options when making our decision

After using the assessment framework to consider the rule change request, the Commission may decide:

- to make the rule as proposed by the proponents
- to make a rule that is different to the proposed rule (a more preferable rule), as discussed below, or
- not to make a rule.

The Commission may make a more preferable rule (which may be materially different to the proposed rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule is likely to better contribute to the achievement of the NEO and NERO.[74]

74 Section 91A of the NEL and 244 of the NERL.

# Abbreviations and defined terms

| | |
|---|---|
| AEMC | Australian Energy Market Commission |
| AEMO | Australian Energy Market Operator |
| AER | Australian Energy Regulator |
| Commission | See AEMC |
| CT | Current transformer |
| DNSP | Distribution network service provider |
| FRMP | Financially responsible market participant |
| HV | High voltage |
| LNSP | Local network service provider |
| MC | Metering coordinator |
| NEL | National Electricity Law |
| NEM | National Electricity Market |
| NEO | National Electricity Objective |
| NER | National Electricity Rules |
| NERL | National Energy Retail Law |
| NERO | National Energy Retail Objective |
| NER | National Electricity Rules |
| NERR | National Energy Retail Rules |
| Proponent | The proponent of the rule change request |
| UFE | Unaccounted for energy |
| VT | Voltage transformer |