Australian Energy Market Commission

RULE

Consultation paper

National Electricity Amendment (Improving metering and metrology arrangements: Flexible communication requirements for SAPS generation connection points | Refining the eligibility requirements for Secondary Settlement Points | Consultation requirements for the Metrology Procedures) Rule

Proponents
AEMO

26 February 2026

Enquiries

Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

E aemc@aemc.gov.au
T (02) 8296 7800

Reference:

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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Summary

1 The Australian Energy Market Operator (AEMO) (the proponent) submitted three rule change requests to the Australian Energy Market Commission (AEMC) (the Commission) in late 2024 relating to improving metering and metrology arrangements in the National Electricity Rules (NER).

2 These are:

- *ERC0414*, Flexible communication requirements for SAPS generation connection points
- *ERC0413*, Refining the eligibility requirements for Secondary Settlement Points
- *ERC0409*, Consultation requirements for the Metrology Procedures

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

4 This joint consultation paper allows us to consult on all three of these metering-related rule change requests in one paper. We consider that they are more efficiently addressed together, so that stakeholders can respond to a single consultation paper.

5 We are considering consolidating some or all of these rule changes at a later stage.

6 The Commission proposes to use the expedited process on the basis that these rule change requests are non-controversial and are unlikely to have a significant impact on the NEM.

We are seeking your views on *ERC0414, Flexible communication requirements for SAPS generation connection points*

7 This rule change request seeks to provide flexibility to use type 4A (manual-read) meters for standalone power system (SAPS) generation points with a single generator connection.

8 AEMO says that the current metering arrangements present significant challenges for SAPS generation deployments in rural and remote areas where traditional communications networks (3G, 4G, and 5G) are limited or entirely unavailable.

9 AEMO considers that the rule change would reduce installation and operation costs for Market SAPS Resource Providers (MSRPs) without compromising settlement integrity or affecting other market participants and end users.

We are also seeking your views on *ERC0413, Refining the eligibility requirements for Secondary Settlement Points*

10 This rule change request primarily seeks to address an identified limitation in the current drafting of the Rules, where premises with Victorian Advanced Metering Infrastructure (VIC AMI) installations may be restricted from establishing secondary settlement points (SSPs).

11 AEMO proposes to replace the list of eligible connection point metering types with a general requirement for remote acquisition capability and trading interval data. They consider this maintains the Rule's intent while accommodating Victoria's regulatory framework and bespoke meter types.

12 AEMO considers that the rule change would allow all customers across the National Energy Market (NEM), including Victoria, to benefit from SSPs, as envisioned in the *Unlocking CER benefits through flexible trading* rule change.

We are also seeking your views on *ERC0409, Consultation requirements for the Metrology Procedures*

13 This rule change request seeks to remove the mandatory three-month period between the publication and commencement of any amendments under the Metrology Procedures, unless they have been made using the minor rules consultation procedure.

14 AEMO says that this delays the implementation of essential changes, and reduces AEMO's flexibility and responsiveness to changes in the electricity market. They also consider that this creates inconsistencies with other AEMO procedures that do not have these mandatory commencement lead times.

15 AEMO considers that the rule change would harmonise the Metrology Procedures with other AEMO procedures, and also allow AEMO and market participants to implement changes immediately, if required.

We are proposing to use the expedited process for this rule change

16 The Commission proposes to use the expedited process for these rule changes for the reasons set out in section 1.2.

17 The expedited rule change process is shorter than the standard process, running for eight weeks, with only one round of consultation. It is used when a rule change request is either urgent or non-controversial.

18 We consider that the proposed rule changes are non-controversial within the meaning of that term in the National Electricity Law (NEL).[1] The proposed rule changes are unlikely to have a significant impact on the national electricity market (NEM), as they seek to streamline existing processes and metering requirements in the Rules and replace them with more fit-for-purpose requirements.

19 The proposals appear unlikely to impose a significant cost on participants or the market generally, don't appear to affect the integrity of the market settlement process, and have limited impacts on consumers.

- ***ERC0414*** relates only to the telecommunications requirements for metering installations in a very specific instance (generation connection points with a single generator connection), with no market settlement impact.
- ***ERC0413*** primarily requests amending the existing rule drafting for SSP arrangements to wording that is more outcomes-focused. AEMO considers this change would ensure that Victorian customers can also establish SSPs and enjoy the benefits of flexible trading which are already in place (from November 2026) in other NEM jurisdictions, as envisaged by the *Unlocking Consumer energy resources (CER) benefits* rule change. Some minor administrative amendments are also proposed.
- ***ERC0409*** requests the removal of a specific clause that mandates a set period between the publication and commencement of amendments made under the Metrology Procedures, allowing flexibility in implementation timeframes, subject to consultation required under the Rules consultation procedures

20 Participants can object to the Commission treating this on the expedited basis.[2] Objections are due by 12 March 2026. The process on how to object to the expedited process is set out below in section 1.3.

1 Section 87 of the NEL
2 Section 96 of the NEL

We have proposed assessment criteria against which the rule change request will be assessed

21 Considering the National Energy Objectives (NEO),[3] and the issues raised in the rule change request, the Commission proposes assessing each of the rule change requests against the assessment criteria in section 5.2.2. We seek your feedback on the appropriateness of these criteria.

Submissions are due by 26 March 2026 with other engagement opportunities to follow

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

23 Written submissions responding to this consultation paper must be lodged with Commission by 26 March 2026 via the Commission's website, www.aemc.gov.au.

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

Full list of consultation questions

Question 1: Do you agree with AEMO's characterisation of the issue?

Do you consider that the metering installation requirements for SAPS generation deployments is creating a barrier to their rollout in rural and remote areas? Do you disagree with the cost estimates provided?

Question 2: Is there a substantive problem or evidence of an emerging one?

Do you consider that the proponent has identified a genuine issue? Why or why not?

Question 3: Will the proposed solution address the issue raised by the proponent?

Do you consider that the proposed changes to the Rules will solve the problem(s) raised by the proponent? Why or why not?

Question 4: Will the proposed solution result in any unintended consequences?

Are there any benefits from remotely reading metering data collected from a small customer SAPS with a single generation point that we may have overlooked? If so, what are they?

3 Section 7 of the NEL.

Question 5: What are your views of the costs and benefits of the proponent's proposed solution?

What do you consider will be the costs and benefits of the proponent's proposed solution?

Question 6: Are there any important implementation considerations we should consider?

Is there any reason for delaying commencement of the Rule? Are there transitional measures we should consider that would support the effective implementation of the desired solution?

Question 7: Is AEMO's alternative proposal more preferable, and are there any other alternative solutions that would be preferable?

Can you identify a more preferable rule that is better aligned with the long-term interests of consumers? If so, why is it more preferable?

Question 8: Does the rule change request identify a substantive problem or evidence of an emerging problem?

Do you agree that the rule change request correctly describes the issue? Why or why not?

Question 9: Do you agree with AEMO's characterisation of the minor administrative errors in NER Schedule 7?

Do you agree that AEMO has correctly identified deficiencies in NER Schedule 7?

Question 10: Will adopting outcomes-focused drafting as proposed by AEMO address the issue raised by the proponent?

Do you consider that the proposed changes to the Rules will solve the problem(s) raised? Why or why not? Is there a more preferable alternative?

Question 11: Will the proposed amendments resolve the minor administrative errors the proponent has identified in the tables in NER Schedule 7?

Do you consider that the proposed changes to the Rules are appropriate? Why or why not?

Question 12: What are your views of the costs and benefits of the proposed solution?

Do you agree with AEMO's proposed solution and their characterisation of the costs and benefits? Do you agree that there will be no or minimal negative consequences? Why or why not?

Question 13: Are there any important implementation considerations we should consider?

Is there anything that would or should prevent the rule change from being implemented immediately? If so, what are these and are there additional measures that should be considered that would support the effective implementation of the desired solution?

Question 14: Are there alternative solutions that would be preferable?

Do you agree that the rule change is desirable? Are you aware of any alternative Rules based solutions that you think would be preferable and more aligned with the long-term interests of consumers?

Question 15: Is there a substantive problem or evidence of an emerging one?

Do you agree that AEMO has correctly identified an issue that should be addressed? Why or why not?

Question 16: Will removing the mandatory three-month implementation lag resolve the problem?

Do you consider that the proposed changes to the Rules will solve the problem(s) raised? Do you consider the proposed solution will result in any unintended consequences? Why?

Question 17: What are your views of the costs and benefits of the proposed solution?

Do you agree with AEMO's characterisation of the costs and benefits? If not, why not?

Question 18: Are there any important implementation considerations?

Do you agree with the proponent that no transitional arrangements are required, and that the Rule can commence immediately?

Question 19: Are there any alternative solutions that would be preferable?

Can you share any alternative solutions that you think would be preferable and more aligned with the long-term interests of consumers?

Question 20: Assessment framework

Do you agree that the principles of good regulatory practice should be the primary proposed assessment criteria across all three rule changes? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

Question 21: Assessment framework

Do you agree with the proposed assessment criteria specific to *ERC0414*? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

Question 22: Assessment framework

Do you agree with the proposed assessment criteria specific to *ERC0413*? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

Question 23: Assessment framework

Do you agree with the proposed assessment criteria specific to *ERC0409*? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

How to make a submission and object to the expedited process

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 26 March 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 *ERC0414*, *ERC0413* or *ERC0409*.[4]

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.[5]

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).[6]

How to object to the expedited process

The Commission proposes to use the expedited process (eight weeks, one round of consultation) for these rule changes for the reasons set out in section 1.2. You can object to this process. We will switch to the standard rule change process if we receive a valid objection.[7]

Due date: Written objections to the expedited process must be lodged with Commission by 12 March 2026.

How to lodge an objection to the expedited process: 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 *ERC0414*, *ERC0413* or *ERC0409*.[8]

Contents: Objections must set out the reasons why you consider the Rule is not unlikely to have a significant effect on the national electricity market.

Publication: The Commission publishes objections on its website. However, we will not publish materials 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).[9]

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4 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.
5 See: https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request/submission-tips
6 Further information is available here: https://www.aemc.gov.au/contact-us/lodge-submission
7 See section 96 of the NEL. The Commission will consider if the reasons set out in the objection are misconceived or lacking in substance.
8 If you are not able to lodge an objection online, please contact us, and we will provide instructions for alternative methods to lodge the objection.
9 Further information is available here: https://www.aemc.gov.au/contact-us/lodge-submission

For more information, you can contact us

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

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

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1 The context for these rule change requests

This consultation paper seeks stakeholder feedback on three rule change requests submitted by AEMO about requirements for metering installations and the Metrology Procedures. These are:

- *ERC0414, Flexible communications requirements for SAPS generation connection points*, which proposes to provide the flexibility to use type 4A meters for generator connections in certain SAPS deployments to address a challenge in SAPS deployments in rural and remote areas.
- *ERC0413, Refining the eligibility requirements for Secondary Settlement Points*, which looks at ensuring arrangements for SSPs already in place in other NEM jurisdictions (from November 2026), extend to Victorian premises, and proposes other minor administrative changes to the Rules.
- *ERC0409, Consultation requirements for the Metrology Procedures*, which proposes to remove the mandatory three-month period between the publication and commencement of any non-trivial amendments under the Metrology Procedures.

These rule changes can be found on our website under the corresponding project page.

1.1 We have engaged with stakeholders, including AEMO, on these requests

In developing this consultation paper, we have consulted with AEMO to clarify our understanding of the rule change requests and their intent.

We have also undertaken some targeted stakeholder engagement prior to initiation. Notably, we consulted with some Metering Coordinators (MCs), Distributed Network Service Providers (DNSPs), and consumer advocacy groups. This helped to inform our view on AEMO's submission that the rule change requests are non-controversial.

1.2 Why we propose to use the expedited process for these rule changes

We propose using the expedited rule making process under section 96 of the NEL because we consider the rule change requests are a request for a non-controversial Rule, and using the expedited process (eight weeks in total, with one round of consultation) is appropriate in the circumstances. The process for objecting to the expedited rule making process is set out in section 1.3.

A non-controversial Rule means "a Rule that is unlikely to have a significant effect on the NEM".[10]

We consider the proposed rules are non-controversial Rules because:

- These proposed changes are unlikely to have a significant impact on the broader NEM, as they seek to streamline existing processes and metering requirements in the Rules and replace them with more fit-for-purpose requirements.
- The proposals appear unlikely to impose a significant cost on participants or the market generally, don't appear affect the integrity of the market settlement process, and have limited impacts on consumers.
  - For ***ERC0414***, the scope of the request relates only to the telecommunications requirements for metering installations in a very specific instance (generation connection points with a single generator connection), with no market settlement impact.

10 Section 87 of the NEL.

- ***ERC0413*** primarily requests amending the existing rule drafting for SSP arrangements to wording that is more outcomes-focused. AEMO considers this change would ensure that Victorian customers can also establish SSPs and enjoy the benefits of flexible trading as envisaged by the *Unlocking CER benefits rule change* which are already in place to commence for other NEM jurisdictions in November 2026. Some minor administrative amendments are also proposed.
- ***ERC0409*** requests the removal of a specific clause that mandates a set period between the publication and commencement of amendments made under the Metrology Procedures, subject to consultation required under the Rules consultation procedures.[11]

1.3 We have decided to cover all three rule changes in this joint consultation paper and may subsequently consolidate them

Given the three rule change requests all contemplate metering-related issues, we consider that they are more efficiently addressed together. This means that stakeholders can respond to a single consultation paper.

The Commission may consider it desirable to consolidate the rule changes.[12] However, we are not intending to make a decision on consolidation until after the objection period for treating the rules as non-controversial has expired.[13]

1.4 We have started the rule change process

This paper is the first stage of our consultation process.

Table 1.1: The rule change process

The AEMC received the rule change requests	12 December 2024 (*ERC0414, ERC0413*), 22 October 2024 (*ERC0409*)
The AEMC published the consultation paper	26 February 2026
Final date for requests not to use the expedited process	12 March 2026
Close of first round submissions	26 March 2026
The AEMC publishes the final determination	23 April 2026

Source: AEMC
Note: *if no valid objections to the expedited process are received

The expedited rule change request process (8 weeks) 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
- participants have two weeks to lodge an objection to the use of the expedited process
- stakeholders have four weeks to lodge submissions on the consultation paper and engage through other channels to make their views known to the AEMC project team

11 NER, Rule 8.9.
12 Section 93 of the NEL.
13 Section 96(2) of the NEL.

- the Commission publishes a final determination and final rule (if relevant).

Information on how to provide your submission and other opportunities for engagement is set out at the front of this document in .

You can find more information on the rule change process on our website.[14]

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

This paper begins by exploring *ERC0414* in chapter 2, *ERC0413* in chapter 3, and *ERC0409* in chapter 4. Chapter 5 then considers the factors that Commission takes into account when making a decision.

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

2 *ERC0414* proposes flexible communication requirements for SAPS generation connection points

The *ERC0414, Flexible communication requirements for SAPS generation connection points* rule change request seeks to provide flexibility to use type 4A (manual-read) meters for SAPS generation points with a single generator connection. AEMO says that the mandated use of type 1-4 remote-read metering installations presents significant challenges for SAPS generation deployments in rural and remote areas where traditional communications networks (3G, 4G, and 5G) are limited or entirely unavailable.

2.1 SAPS can be lower-cost substitutes to traditional network solutions

2.1.1 A SAPS is an electricity supply arrangement that is not physically connected to the national grid

SAPS are usually a combination of solar PV, batteries and a back-up generator, and are increasingly allowing electricity services to be delivered through alternatives to grid connection at a lower cost and with improved reliability. They have been considered beneficial for remote communities, including by supporting access to a reliable and resilient energy supply at lower cost than a network solution.

2.1.2 In 2019, we completed a *Review of the regulatory frameworks for stand-alone power systems (EMO0037)*, and proposed changes to energy laws and rules to facilitate SAPS deployment

Our review recommended a suite of changes to energy laws and rules to enable the use of stand-alone power systems by DNSPs where SAPS offer greater efficiency than maintain existing grid connections. Under the reforms, we considered that it was important for customers who receive stand-alone systems to retain all of their existing consumer protections, including access to retail competition and existing reliability and safety standards. As such, customers would not be disadvantaged where a distributor determined that it would be more efficient to supply them on a stand-alone basis. We considered that any cost savings arising from the use of lower cost stand-alone systems would flow through to all users of the distribution network, through lower network prices.

2.1.3 We built on these recommendations in our *Updating the regulatory frameworks for distributor-led stand-alone power systems (EMO0038)* review

This review developed detailed revisions to the Rules required to implement the new regulatory approach for distributor-led SAPS. These new regulatory arrangements allowed DNSPs to use SAPS where it would be economically efficient to do so, aiming to remove existing barriers to distribution businesses providing SAPS as a regulated service, while retaining existing NEM arrangements as far as possible. The final report included information for the COAG Energy Council, the Australian Energy Regulator (AER), AEMO, state and territory governments and regulators to deliver the recommended changes, which included changes to national energy laws and state-based regulations. We published the final report alongside a package of proposed rules.

2.1.4 Amendments to the NEL were then passed in 2022 to adopt these recommendations

On 22 November 2019, Energy Ministers considered the findings of our Updating the regulatory frameworks for distributor-led SAPS review and agreed to make a number of changes to national energy laws to support the efficient delivery of SAPS by DNSPs.[15]

15 Energy and Climate Ministerial Council, 2021.

Following stakeholder consultation on proposed legislative amendments and agreement from Energy Ministers, the Statutes Amendment (National Energy Laws) (Stand-Alone Power Systems) Act was introduced into the South Australian Parliament in November 2020. The Act made provision for the South Australian Minister to make an initial set of rules under the NER and National Energy Retail Rules (NERR) associated with the amendments on regulated stand-alone power systems.

Under these new powers, in February 2022, the South Australian Minister for Energy and Mining made amendments to the NER to allow distributors to build SAPS within the NEM.[16]The stated intention here was to support DNSPs to implement SAPS rather than undertake a more expensive network upgrade, offering a lower-cost substitute to investing in and maintaining traditional network solutions.[17]

AEMO submits that since the Rule was implemented, Market SAPS Resource Providers (MSRPs) and DNSPs have established plans to deploy SAPS for hundreds of remotely located connections points on their networks.

2.2 Metering installations for SAPS generation deployments in rural and remote areas may struggle to establish a telecommunications connection

This section explores the problem raised in *ERC0414*. AEMO proposes that the current requirement for SAPs generation connection points to have type 1-4 remote-read metering installations with remote communications presents significant challenges for SAPS generation deployments in rural and remote areas where traditional communications networks are limited or entirely unavailable.

We seek stakeholder feedback on the problem identified in the rule change request, including the scale and impact of the problem.

2.2.1 Do metering installation requirements pose a challenge to SAPS generation deployments in rural and remote areas?

A primary consideration of the *Review of the regulatory frameworks for stand-alone power systems* was to encourage the development and deployment of SAPS in locations where maintaining the traditional electricity grid connection is costly and logistically challenging, and a primary use case envisioned was in rural and remote scenarios. Given this, SAPS, self-sufficient systems that generate, store and distribute electricity independently of the main grid, are increasingly becoming a viable solution within the NEM.

Under the Rules, metering installations at the SAPS generation connection point must collate metering data in trading intervals.[18] From the list of meter types, this means that only meter types 1, 2, 3, 4, or 4A can be installed, as these are the only meters capable of the acquisition of trading interval metering data.[19]

Type 4A meters were initially introduced into the Rules as an alternative to type 4 meters, capable of providing all the same services as type 4 meters, except for the requirement to be connected to

16 See the National Electricity Amendment (Regulated stand-alone power systems) Rule 2022.

17 Department for Energy and Mining South Australia 2021.

18 See NER clause 7.10.5(a)(2A)

19 See NER schedule 7.4.3 which outlines processes for converting the data collated through type 5, 6 and 7 meters into trading interval metering data, suggesting that these meters are not capable of collating this data themselves.

a telecommunications network to enable remote access.[20] These meters, which are manually read and do not require communications capabilities, are only directly provided for in the Rules in the context of small customer installations.[21] SAPS generation connections are not classified as small customer metering installations.

In practice, SAPS generation connection points install a type 1-4 meter.[22] This means that the generation connection point at a SAPS must have a meter installation capable of remote communications, and that a telecommunications connection must be successfully established.

AEMO considers that in rural and remote areas with limited access to communications networks, MSRPs and DNSPs have two options. Either they can implement costly solutions such as satellite connectivity to ensure their SAPS deployments are compliant with the Rules, or they can choose to forgo a SAPS solution, and instead resort to extending traditional poles-and-wires infrastructure in these areas.

Information AEMO has received from DNSPs that have sought to deploy satellite communications for SAPS generators in rural and remote regions reveal that installing remote connections in these instances can result in considerable additional costs for installation and operation. Estimates for the installation costs for this communications facility are in the region of $5,000 per connection, with annual operating costs exceeding $2,000.[23]

When considering the context of rural and regional SAPS generation deployments, which tend to be on a one-system-to-one-customer basis with small-scale energy flows, AEMO proposes that the economic case to proceed with a SAPS generation deployment becomes unfeasible.

The proponent considers this may lead to SAPS providers choosing to delay or defer the rollout of SAPS generation in these regions, leading to remote and rural consumers unable to access this solution, and its corresponding benefits.

Question 1: Do you agree with AEMO's characterisation of the issue?

Do you consider that the metering installation requirements for SAPS generation deployments is creating a barrier to their rollout in rural and remote areas? Do you disagree with the cost estimates provided?

Question 2: Is there a substantive problem or evidence of an emerging one?

Do you consider that the proponent has identified a genuine issue? Why or why not?

2.3 Providing the flexibility to use type 4A meters in certain instances may reduce costs and encourage SAPS generation deployment in rural and remote regions

This chapter seeks feedback on:

20 AEMC, *ERC0169 Expanding competition in metering and related services* for further information, p.98.

21 See clause 7.8.4.

22 See NER rule 7.8. for further information on metering installation arrangements more broadly, and Schedule 7.4. for information on the types and accuracy of metering installations.

23 AEMO, Rule change request, p.5.

- the solution proposed and any potential alternative solutions; and
- other implementation matters the Commission may need to consider in making its determination.

2.3.1 Will providing the flexibility to use type 4A meters for SAPS generation connection points resolve the problem?

AEMO's proposed solution seeks to provide the option for the use of type 4A meters for SAPS generation connection points in certain instances.[24]

> **7.8.2 Flexible communications requirements for SAPS generation connection points**
>
> (h) A type 4A metering installation may be used for a regulated SAPS market generating unit or market bidirectional unit (as applicable) connection point where:
>
> 1. there is only one market generating unit or bidirectional unit (as applicable)
> 2. the energy volume provided at that single generation unit or bidirectional unit (as applicable) connection point does not exceed the small business customer energy volume thresholds [25].
> 3. the connection is not classified as a small customer metering installation, and
> 4. the Financially Responsible Market Participant (FRMP) is a MSRP.

AEMO considers their proposed rule would provide flexibility for MSRPs and would reduce installation and operation costs as described in the section above, without compromising settlement integrity or affecting other market participants and end users.

Question 3: Will the proposed solution address the issue raised by the proponent?

Do you consider that the proposed changes to the Rules will solve the problem(s) raised by the proponent? Why or why not?

AEMO submits that in SAPS where there is only a single generation connection point, the metering data from this point is generally not required by market participants and is not used in the settlement process. In the SAPS settlement process for MSRPs, aggregated metering data from the individual SAPS customer metering installation is used as an input in a calculation performed by AEMO to determine the volume of energy to be attributed to the MSRP. Therefore, the proponent considers that the data from a single SAPS generation point does not play a significant role in market operations or billing accuracy.

AEMO notes that its automated settlement checks use generator metering data. However, AEMO considers that the MSRP is the only party that might benefit from receiving metering data from the generation connection point where there is only a single generation connection. They submit that MSRPs are primarily interested in accessing this data for the purpose of reconciling settlement process outcomes, and remote communications are not necessary to support this process.

24 AEMO, Rule change request, p.7.

25 These are described in Table 4D of the Market Settlement and Transfer Solution (MSATS) Procedures

Question 4: Will the proposed solution result in any unintended consequences?

Are there any benefits from remotely reading metering data collected from a small customer SAPS with a single generation point that we may have overlooked? If so, what are they?

2.3.2 What are the costs and benefits of the proposed solution?

AEMO says that their proposed solution would result in minimal costs to industry, and instead would offer significant benefits.

They consider the cost of implementing the rule change would primarily involve changes to MSRP practices. MSRPs would be required to amend their evaluation processes to consider whether a SAPS deployment may be economical under the new proposal. AEMO considers these changes to be minimal as the use of type 4A metering installations aligns with existing infrastructure capabilities, accreditations, system design and procedure drafting, which would significantly limit implementation complexity.

AEMO submits that the expected benefits of the proposed solution would include lower costs for SAPS generation deployments, and a simpler SAPS installation process, which would lead to lower prices for consumers and a more widespread adoption of SAPS solutions where they are cost-effective.

By allowing for the use of type 4A metering installations, MSRPs would benefit from substantial cost savings, avoiding upfront installation costs. They would also face substantially lower ongoing costs, as the cost of manually collecting quarterly meter readings is expected to be significantly lower than the annual remote communication costs. AEMO proposes that manual meter reading charges could be made more cost-efficient if the SAPS generation connection point metering is read during the same visit as the customer's metering installation, which will already require manual reading in cases where remote communication is impractical.

Furthermore, AEMO proposes that this change could encourage investment in innovative and tailored energy solutions, promoting long-term market efficiency and technological progress. Greater SAPS deployment may reduce reliance on traditional grid infrastructure, providing a more resilient localised energy supply, which means that remote and rural consumers will benefit from more cost-effective, sustainable energy solutions.

As the deployment of SAPS for DNSPS is dependent on a demonstrated economic benefit, the proponent submits that in the long term, this also serves to reduce the overall network charges to all customers in that region.

They also consider that this solution would not result in any deterioration in services or the integrity of settlement processes, and that conversely, without this change, the high costs of establishing remote communications would deter SAPS projects.

Question 5: What are your views of the costs and benefits of the proponent's proposed solution?

What do you consider will be the costs and benefits of the proponent's proposed solution?

2.3.3 What implementation issues might there be?

AEMO submits that no transitional provisions are required, as they consider that settlement, end user billing, or any other processes, would not be impacted. As the proposed change would enable a manual- as opposed to remote-read metering installation, metering data would still be collected at the generation connection point, and as discussed earlier, the frequency of data collection does not appear to be significant.

AEMO may need to make minor adjustments to the MSATS Procedures to confirm the annual energy volume thresholds for a type 4A metering installation at a SAPS generation connection point, depending on the final rule.

Question 6: Are there any important implementation considerations we should consider?

Is there any reason for delaying commencement of the Rule? Are there transitional measures we should consider that would support the effective implementation of the desired solution?

2.3.4 Can the problem be resolved in a different or more efficient way?

The Commission is interested in views from stakeholders about whether there are alternative solutions that would better promote the long-term interests of consumers.

In the rule change request, AEMO has also proposed an alternative solution of enabling AEMO to exempt an MC and Metering Data Provider (MDP) from the requirement to establish remote communications to the metering installation, where the same conditions apply. We are interested to hear whether you consider this might be a more preferable solution to the issue identified in the previous chapter.

Question 7: Is AEMO's alternative proposal more preferable, and are there any other alternative solutions that would be preferable?

Can you identify a more preferable rule that is better aligned with the long-term interests of consumers? If so, why is it more preferable?

3 ERC0413 proposes to refine the eligibility requirements for Secondary Settlement Points

The *ERC0413, Refining the eligibility requirements for Secondary Settlement Points* rule change request primarily seeks to address an identified limitation in the current drafting of the Rules, where premises with VIC AMI installations may be restricted from establishing SSPs. AEMO proposes to replace the list of eligible connection point metering types with a general requirement for remote acquisition capability and trading interval data, maintaining the Rule's intent while accommodating Victoria's regulatory framework and bespoke meter types. This would allow all customers across the NEM, including Victoria, to benefit from SSPs, as envisioned in the *Unlocking CER benefits through flexible trading rule change*.

The first component of this rule change request relates to Rules that have not yet commenced and, accordingly, are not contained in the current version of the NER on our website.[26]

3.1 SSPs allow consumers to engage in flexible trading to benefit from their CER

3.1.1 An SSP is an additional settlement point behind a customer's primary connection point

SSPs allow multiple trading relationships to exist at the same premises, as electricity flows at a single premises can be settled separately. This means that at the premises, there will be a primary settlement point, which typically covers the 'core' load, and also an SSP, which would cover a specific subset of load or generation, which may involve CER such as electric vehicle chargers or solar panels. The primary settlement point would continue to be settled in the usual way with the customer's FRMP, while the SSP could be settled separately, potentially under different commercial arrangements.

Overall, SSPs provide an additional voluntary option for consumers to elect in order to extract value from their CER.

3.1.2 Our *Unlocking CER benefits through flexible trading* rule change (ERC0346) introduced arrangements to improve how CER can be delivered and integrated into the NEM

In 2024, we introduced three key arrangements to unlock substantial benefits from CER for consumers and the system as a whole:

- The ability for large customers to engage multiple energy service providers at their premises more easily - allowing them to manage and obtain more value from their CER.
- The ability for energy service providers for small and large customers to separate and manage 'flexible' CER from 'passive' loads in the energy market - leading to innovative products and services for consumers.
- The ability for market participants to use in-built measurement capability in technology such as electric vehicle (EV) chargers and smart streetlights - enabling the delivery of innovative and essential products and services at lower cost.

In particular, we introduced flexible trading arrangements through the establishment of SSPs, allowing consumers to adopt multiple trading relationships and realise the value of CER through subtractive settlement arrangements between the primary point and SSPs.

26 Please see the National Electricity Amendment (Unlocking CER benefits through flexible trading) Rule 2024 No. 15 on our ERC0346 Unlocking CER benefits through flexible trading project page for the relevant Rules.

We considered that SSP arrangements and in-built metering will make it easier for retailers to provide a dedicated price for CER that reflects the volumetric use, and also to use the CER to deliver network services without needing to install a separate meter.

3.1.3 Remote data acquisition capabilities are an essential component of successful SSP settlement

SSP establishment is limited to premises with the types of metering installations capable of remote data acquisition. The Rule specifies type 1, 2, 3, 4, 8A, or 9 metering installations at the primary connection point.[27]

This list of meter types effectively limits SSP establishment to premises with metering installations capable of remote data acquisition, which according to AEMO, aligns with the Rule's intent to enable accurate and timely subtractive settlement.[28]

For subtractive metering energy flows measured at the SSP are assigned to the FRMP at that SSP, and are then subtracted from the energy flows at the primary connection point to calculate the allocation for the primary FRMP. For the settlement to be accurate, AEMO must be able to obtain trading-interval data for the premises' connection point, and do so consistently, and on time. This means that the primary meter at the premises must be capable of remote data acquisition.

3.2 Victorian customers may be excluded from establishing SSPs

This section explores the problem raised in *ERC0413*. AEMO says that the current drafting restricts the establishment of SSPs for premises with VIC AMI installations, which are designated as type 5 meters under the Victorian Orders in Council (the Orders).[29]

We seek stakeholder feedback on the problem identified in the rule change request and the scale and impact of the problem.

3.2.1 Does the current drafting of the *Unlocking CER benefits* rule change exclude Victorian customers for establishing SSPs?

As part of the *Unlocking CER benefits* rule change, flexible trading arrangements were introduced through the establishment of SSPs. Importantly, to align with the rule's intent to enable accurate and timely subtractive settlement, SSP establishment was limited to premises with metering installations capable of remote data acquisition.

However, in specifying the meter types that are capable of remote acquisition, AEMO considers that the wording inadvertently precludes SSP establishment in Victoria.[30]

In Victoria, a mandatory, state-wide smart meter rollout led to the vast majority of small customer meters being VIC AMI installations. These meters are capable of remote data acquisition, but were designated as type 5 meters under the Orders.[31]

In the final rule published under the *Unlocking CER benefits* rule change, VIC AMI type 5 meters are not included in the list of appropriate meter types at the primary connection point from which an SSP can be established. The proponent submits that this discrepancy creates a barrier for

27 See the indicative markup of changes made by the National Electricity Amendment (Unlocking CER Benefits through flexible trading) Rule 2024 for NER clause 7.2.6(b)(3)

28 Rule change request, p.4

29 AEMO rule change request, p.4.A

30 AEMO, Rule change request, p.4.

31 See the Orders Government Gazette S342 20172 and S346 20173. The Orders are used to modify how the NER applies in Victoria, and to give effect to Victoria-specific regulatory frameworks where Victoria has chosen to derogate from the NER. In particular, the metering provisions in Victoria tend to be different to the rest of the NEM.

Victorian customers wishing to benefit from the SSP arrangement and risks creating an inequitable outcome in CER flexibility.

While these rules are not yet in effect, the majority of the Rules will be implemented by 1 November 2026. AEMO proposes that without amendment, this will mean that all jurisdictions in the NEM, with the exception of Victoria, will be able to establish SSPs, creating an inequitable outcome in CER flexibility.

Question 8: Does the rule change request identify a substantive problem or evidence of an emerging problem?

Do you agree that the rule change request correctly describes the issue? Why or why not?

3.2.2 Do the tables in NER Schedule 7 contain minor administrative errors?

To accommodate the creation of new metering types, 8A, 8B, and type 9, a number of changes were introduced to NER Schedule 7 as part of the *Unlocking CER benefits* rule change.

AEMO submits that they have identified minor administrative errors in two of the categories of registration for accreditation tables, as detailed below and in AEMO's proposed rule.

NER Schedule 7 table S7.2.2.2 sets out the competency requirements for Metering Providers (MPs) seeking accreditation for the provision, installation and maintenance of metering installation types 4 and 8. Here AEMO identifies two minor errors:

- Firstly, the current table S7.2.2.2 states that competency requirements for type 8M metering installations is "Class 1.0 Wh meters and class 2 Wh meters with <0.3/cosφ % uncertainty". AEMO submits this does not cater for the variation between type 8A and 8B metering installations, specifically missing class 1.5 Wh meters that are required to meet the overall error for type 8A in NER Table S7.4.3.5.
- Secondly, the current rule drafting for categories 4A and 4S requires competency only for active power meters. However, AEMO identifies that Table S7.4.3.4 also has reactive power (in addition to active power) metering accuracy requirements.

Meanwhile, **NER Schedule 7 table S7.3.2.1** includes two new categories for the accreditation of MDPs for type 8 and 9 metering installations, under the *Unlocking CER benefits* final rule. The current rule uses the identification of Category 8M and 9M, which are the identifiers used for MPs in Table 7.2.2.2. AEMO considers that the identifying category for MDPs is typically to postfix "D" to the metering type number, providing clear separation between the types of accreditations.

Question 9: Do you agree with AEMO's characterisation of the minor administrative errors in NER Schedule 7?

Do you agree that AEMO has correctly identified deficiencies in NER Schedule 7?

3.3 Adopting outcomes-focused drafting may enable SSPs to be established in Victoria

This chapter seeks feedback on:

- the solution proposed and any potential alternative solutions; and

- other implementation matters the Commission may need to consider in making its determination.

3.3.1 Will adopting principles-based drafting resolve the problem?

AEMO proposes to replace the specific list of eligible metering types with a broader functional requirement for remote acquisition capability as below:[32]

> NER subclause 7.2.6(b)(3) to state:
>
> "the metering installation for the connection point for the premises **supports the remote acquisition of trading interval metering data**; and"

They consider this change would ensure that Victorian customers can establish SSPs and enjoy the benefits of flexible trading as envisaged by the *Unlocking CER benefits* rule change. They propose a change to more outcomes-focused drafting would retain the original intent or effectiveness of the settlement arrangements, while accommodating Victoria's legislative and regulatory framework.

Question 10: Will adopting outcomes-focused drafting as proposed by AEMO address the issue raised by the proponent?

Do you consider that the proposed changes to the Rules will solve the problem(s) raised? Why or why not? Is there a more preferable alternative?

Will the proposed amendments to NER Schedule 7 resolve the administrative inconsistencies?

Additionally, AEMO proposes the following minor amendments to the categories of registration for accreditation tables in NER Schedule 7.[33]

In **NER Schedule 7 table S7.2.2.2**, AEMO proposes adding the wording "and class 2.0 varh meters and class 3.0 varh meters with <0.5/sinφ% uncertainty" to categories of registration for accreditation 4A and 4S. They propose these are required as the competency must align with the overall accuracy requirements of Table S7.4.3.4 which factor in reactive power. This enables two potential scenarios:

- Meter 1 LVCT Connected = Class 1 Wh / 2 varh + CT class of 0.5%; or
- Meter 2 Whole Current = Class 1.5 Wh / 3 varh

AEMO also proposes adding class 1.5WH meters to category 8M as they consider the competency must encompass the overall accuracy requirements of both type 8A and 8B, which differ, and can be applied in the following scenarios:

- Meter 1 LVCT Connected = Class 1 Wh / 2 varh + CT class of 0.5%;
- Meter 2 Whole Current 8A = Class 1.5 Wh; or
- Meter 3 Whole Current 8B = Class 2.0 Wh.

AEMO's proposed amendments to this table are intended to provide better alignment with the metering installation accuracy requirements in Table S7.4.3.4 (for Type 4A and 4S meters) and Table S7.4.3.5 (for Type 8A and 8B meters). In other words, AEMO is ensuring that MPs have the required competencies that correspond with the metering accuracy requirements.

32 AEMO, Rule change request, pp.7-8.
33 AEMO, Rule change request, pp.7-8.

In **NER Schedule 7 table S7.3.2.1**, AEMO proposes amending the title for the category of registration from 8M and 9M, to 8D and 9D instead. They consider that this amendment better aligns the category identifiers with others associated with MPDs and removes the duplication of the identifier used for MPs in NER table S7.2.2.2.

Question 11: Will the proposed amendments resolve the minor administrative errors the proponent has identified in the tables in NER Schedule 7?

Do you consider that the proposed changes to the Rules are appropriate? Why or why not?

3.3.2 What are the costs and benefits of the proposed solution?

The proponent considers that the proposed changes are:

- consistent with the policy intent of the *Unlocking CER benefits* rule change; and
- are minor and administrative in nature (in relation to the Schedule 7 tables S7.2.2.2 and S7.3.2.1).

AEMO did not discuss any explicit costs, and anticipates no negative consequences from the proposed changes.[34]

AEMO considers that these proposals will amend regulatory misalignment and avoid confusion and inconsistency in market operations.

They consider a primary benefit of the first proposal is to ensure Victorian customers can also participate in the installation of SSPs, avoiding disparity in the application of the Rules across the NEM. By moving to a more outcomes-based description of an eligible metering installation, AEMO considers that the situation where Victorian consumers are inadvertently disadvantaged is avoided, as all consumers with meters capable of remote acquisition of trading interval metering data will be able to install SSPs and engage in the benefits of flexible trading, regardless of their physical location within the NEM.

The proponent submits that amending the tables in NER Schedule 7 would also ensure consistency in the required competency for NEM metering installations and provides parties with confirmation of the technical requirements related to the new metering types.

Question 12: What are your views of the costs and benefits of the proposed solution?

Do you agree with AEMO's proposed solution and their characterisation of the costs and benefits? Do you agree that there will be no or minimal negative consequences? Why or why not?

3.3.3 What implementation issues might there be?

AEMO has not identified any material change to procedures and guidelines that would result from the change proposed. They note that AEMO procedures related to the *Unlocking CER benefits* final rule were due for publication on 30 September 2025, and the relevant Schedule of the *Unlocking CER benefits* final rule is tabled to commence on 1 November 2026.

34 AEMO rule change request, p.9.

We consider implementation prior to 1 November 2026 would ensure that the relevant Schedules of the *Unlocking CER benefits* final rule, once in effect, are consistent across all jurisdictions in the NEM.

AEMO considers no transitional provisions are required as the implementation of these proposed changes will not affect the current planned rule change implementation of the *Unlocking CER benefits* final rule commencing in November 2026.

Question 13: Are there any important implementation considerations we should consider?

Is there anything that would or should prevent the rule change from being implemented immediately? If so, what are these and are there additional measures that should be considered that would support the effective implementation of the desired solution?

3.3.4 Can the problem be resolved in a different or more efficient way?

The Commission is interested in views from stakeholders about whether there are alternative solutions that would better promote the long-term interests of consumers.

Question 14: Are there alternative solutions that would be preferable?

Do you agree that the rule change is desirable? Are you aware of any alternative Rules based solutions that you think would be preferable and more aligned with the long-term interests of consumers?

4 *ERC0409* proposes reviewing consultation requirements for the Metrology Procedures

The *ERC0409, Consultation requirements for the Metrology Procedures* rule change request seeks to remove the mandatory three-month period between the publication and commencement of any amendments under the Metrology Procedures, unless they have been made using the minor rules consultation procedure. AEMO says that this delays the implementation of essential changes, and reduces AEMO's flexibility and responsiveness to changes in the electricity market, creating inconsistencies with other AEMO procedures that do not have these mandatory commencement lead times.

4.1 AEMO is required to consult with stakeholders before updating their metering procedures

4.1.1 Rules consultation procedures

Chapter 8 of the NER sets out the Rules consultation procedures, which are consultation requirements that AEMO must follow when developing, amending, or replacing procedures.[35] [36]

The Rules provide for three types of consultation procedures: the Standard rules consultation procedure,[37] the Expedited rules consultation procedure,[38] and the Minor rules consultation procedure.[39]

Both the standard rule consultation procedure and the expedited rules consultation procedure require AEMO to consult on the proposed date on which the new or amended procedures (referred to as Relevant Determination in the Rules) would take effect.[40]

4.1.2 Metrology procedures

The Metrology procedures are established, maintained, and published by AEMO.[41] These procedures must include information regarding metering installations, including, among other things, information on the devices and processes; the requirements for the provision, installation and maintenance of metering installations; and the obligations of s MCs, FRMPs, Local Network Service Providers, MPs, MDPs and Embedded Network Managers in relation to metering installations.

These procedures have a unique commencement requirement. Unlike other AEMO procedures (including the MSATs procedures) that are authorised under NER Chapter 7, the Metrology procedure consultation process must include a minimum period of three-months between the publication of the final determination and the commencement of the procedures, unless the change is made using the Minor rules consultation procedure, in which case the effective date may be the date of publication.[42]

This is in addition to the current consultation process that AEMO must already follow under the Rules consultation procedures.

35 See NER rule 8.9.
36 To clarify, the Rules consultation procedures are separate from, and do not apply to, the process for changing the Rules themselves.
37 See clause 8.9.2 of the NER.
38 See clause 8.9.3 of the NER.
39 See clause 8.9.4 of the NER.
40 See clause 8.9.2(b)(4), and clause 8.9.3(a)(4) of the NER, respectively.
41 See clause 7.16.3 of the NER.
42 See clause 7.16.3(b) of the NER.

The proponent submits that for AEMO procedures authorised under NER Chapter 7, they perform the following consultation steps:

1. **Consultation Paper**: AEMO releases a consultation paper outlining the proposed changes or new procedures, inviting stakeholder feedback.
2. **Stakeholder Submissions**: Stakeholders are given an opportunity to submit their comments, concerns, and suggestions within a designated period.
3. **Draft Determination**: After reviewing the submissions, AEMO publishes a draft determination, including draft procedures, if applicable.
4. **Further Feedback**: AEMO may seek additional feedback on the draft determination before finalising the procedures.
5. **Final Determination**: AEMO issues a final determination that includes the finalised procedures, including the timing for the changed procedures to come into effect.

Through this process, AEMO submits that they can consult on appropriate implementation timeframes.

4.1.3 Other AEMO procedures authorised under Chapter 7 of the NER

AEMO is responsible for maintaining certain procedures authorised under Chapter 7 of the NER.[43] Here, there are two other Retail Electricity Market Procedures (REMPs), which have been explored below.[44]

The Metrology procedures are one of the five main REMPs, and as discussed above, uniquely require a three-month implementation lag between publication of the final determination and the commencement of the procedures.

The MSATS is an information technology system operated by AEMO, primarily used to manage standing data for national meter identifiers and connection points, and to support retail customer transfers and market settlement. Under the MSATS procedures, there is no implementation lag between publication of the final determination and the commencement of the procedures.[45]

The B2B procedures govern standardised electronic communications between NEM participants.[46] While AEMO is responsible for publishing any changes to the B2B procedures, it is the Information Exchange Committee that submits a change to the procedure, conducting their own consultation and analysis, and then recommending a change to AEMO. In general, when the B2B Procedures are updated, they must specify the date the changes commence, which must be no less than 10 business days the date the change is published.[47]

4.2 AEMO and stakeholder responsiveness to changes in the NEM may be limited by the mandatory implementation lag for amendments to the Metrology Procedures

This chapter explores the problem raised in *ERC0409*. AEMO proposes that the mandatory three-month requirement between the publication and commencement of any amendments creates unnecessary delays in the implementation of essential changes, reducing flexibility and responsiveness to changes in the electricity market.

43 See clause 7.16.1 of the NER.
44 See the REMPs – Glossary and Framework that is published and maintained by AEMO for further information.
45 See clause 7.16.2 of the NER.
46 See rule 7.17 of the NER.
47 See clause 7.17.4(a) of the NER.

We seek stakeholder feedback on the problem identified in the rule change request – whether it is or will soon become a problem, and if so, the scale and impact of the problem.

4.2.1 Is the three-month lag between the publication and commencement of amendments to the Metrology Procedures a problem?

AEMO understands that the mandatory three-month period between publication and commencement of the Metrology Procedures was initially developed to ensure that market participants had sufficient time to prepare for changes.[48] However, they now consider that the policy intent to safeguard market operations by allowing a transition period for participants to adapt to new requirements, is no longer relevant in the current context.

This is because AEMO already seeks industry input on implementation timeframes through their required consultation as part of the Rules consultation procedures.[49] AEMO propose that they already sufficiently incorporate stakeholder input into implementation timing for process and system changes, and consult on the appropriate duration of time required by industry to prepare for new procedures more generally.

Overall, the proponent considers that the three-month lag creates unnecessary delays in the implementation of essential changes even when stakeholders are prepared for, or require, immediate adoption.[50] They also consider the mandatory three-month lag reduces flexibility and responsiveness to changes in the electricity market.[51] Lastly, they consider the mandatory implementation lag creates inconsistencies with other AEMO procedures that do not have such extended commencement lead times.[52]

AEMO also develops high level implementation assessments to proactively explore the implementation considerations of prospective rule changes

To support the development of recent rule changes[53] AEMO has developed high level implementation assessments (HLIAs), where interested parties are involved in the commencement of planning for implementation of rule changes at the earliest possible opportunity, typically once a draft rule and determination are published by the AEMC. This planning includes the timing for procedure consultation and publication, system design and testing, readiness activities and commencement.

The three-month commencement delay for the Metrology Procedures is a feature that AEMO must take into account when providing advice to interested parties in the development of HLIAs, and it can affect the overall commencement timing of rule changes. Consequently, it can delay the commencement of a necessary change where no delay is warranted.

AEMO observes that this delay is not a feature that applies to changes the AEMC might determine to make in the NER, including matters in Chapter 7 and in particular, Schedule 7 which covers content similar to that in the Metrology Procedures. In practice, subject to prior consultation, this allows non-administrative changes, such as the changes to NER 7.8.2 that have been made effective in Chapter 7 as part of the *Unlocking CER Benefits in the NEM* final rule, to occur without

48 AEMO, rule change request, p.5.

49 NER Rules 8.9.2(b)(4) and 8.9.3(a)(4) require consultation on the proposed date on which the new or amended relevant determination would take effect for the Standard or Expedited rules consultation procedures respectively. The three-month implementation lag only applies to changes made through the Standard or Expedited Rules consultation procedures.

50 See below for further detail.

51 See below for further detail.

52 See Chapter 7 of the NER.

53 AEMO cites the Unlocking CER benefits through flexible trading, Accelerating smart meter deployment and Integrating price responsive resources rule changes.

delay. AEMO considers that it is reasonable for the Metrology Procedures to also occur immediately without delay, subject to prior consultation.

Changes to the NEM require flexible responses

AEMO submits that flexibility in the implementation of procedural changes is increasingly required to address emerging challenges and to implement progressive changes to the NER. They consider that the implementation lag limits the flexibility and immediacy of their responses.

Following a request from the Energy Ministers' Sub-Group (EMSG), the Federal Minister for Climate Change tasked AEMO to remove specific clauses from the jurisdictional metrology material in the Metrology Procedures.[54] AEMO submits that the three-month delay required in the NER prevented them from completing the task in the timeframes requested by the Minister. AEMO and affected participants were required to identify and introduce workarounds because of the three-month delay, creating inefficiencies.

AEMO considers that the evolving market conditions and technologies are likely to require ongoing change and adaptation of the Metrology Procedures. As a result, they propose that the impact of the current Rule is material, as it can hinder the timely adoption of necessary changes, thereby reducing the overall efficiency of the NEM and creating administrative burdens for both AEMO and market participants.

Question 15: Is there a substantive problem or evidence of an emerging one?

Do you agree that AEMO has correctly identified an issue that should be addressed? Why or why not?

4.3 Removing the mandatory three-month lag may allow for greater flexibility in the implementation of amendments to the Metrology Procedures and harmonise implementation across other AEMO procedures

This chapter seeks feedback on:

- the solution proposed and any potential alternative solutions; and
- other implementation matters the Commission may need to consider in making its determination.

4.3.1 Will removing the implementation lag resolve the problem?

AEMO proposes removing the mandatory three-month period between publication and commencement of Metrology Procedures.[55] They maintain that consultation on commencement timing will continue to be a key element of AEMO procedures.

They consider this removal will harmonise the Metrology Procedures with the implementation timeline of other AEMO procedures. They suggest it will also allow AEMO and market participants to implement changes more swiftly when this is required, improving market responsiveness, and reducing administrative burdens. More broadly, the removal of the three-month period will facilitate a more agile and consistent regulatory framework.

54 AEMO, rule change request, p.8.
55 AEMO, Rule change request, p.10.

To clarify, this rule change does not apply to minor amendments made under the minor rules consultation procedure, where the three- month lag does not currently apply. The proposed rule change is only relevant to standard or expedited rules consultation procedures.[56]

AEMO has not identified any material change to procedures and guidelines that would result from a removal of this requirement.

Question 16: Will removing the mandatory three-month implementation lag resolve the problem?

Do you consider that the proposed changes to the Rules will solve the problem(s) raised? Do you consider the proposed solution will result in any unintended consequences? Why?

4.3.2 What are the costs and benefits of the proposed solution?

AEMO proposes that the costs of implementing this change are minimal, as it involves the removal of an existing requirement without imposing new obligations.

On the other hand, AEMO considers that there are substantial benefits of removing the implementation lag, citing improved market efficiency and cost savings as the key benefits. They submit that a more flexible implementation timeline will ensure changes can be actioned in a timely manner, thus improving overall market efficiency, benefiting all stakeholders.

Conversely, AEMO believes that failing to remove the mandatory three-month period will continue to hinder the timely adoption of necessary changes, reducing market efficiency and responsiveness.

Question 17: What are your views of the costs and benefits of the proposed solution?

Do you agree with AEMO's characterisation of the costs and benefits? If not, why not?

4.3.3 What implementation issues might there be?

AEMO considers that no transitional provisions are required. They submit that the proposed change removes the mandatory lead time without imposing new obligations or altering existing arrangements, including standard procedure consultation processes that would include the Metrology Procedures.

Question 18: Are there any important implementation considerations?

Do you agree with the proponent that no transitional arrangements are required, and that the Rule can commence immediately?

4.3.4 Can the problem be resolved in a different or more efficient way?

The proponent did not propose any alternative solutions to the issues it identified in its rule change request.

56 See section 4.1 and for further detail.

However, the Commission is interested in views from stakeholders about whether there are alternative solutions that would better promote the long-term interests of consumers.

Question 19: Are there any alternative solutions that would be preferable?

Can you share any alternative solutions that you think would be preferable and more aligned with the long-term interests of consumers?

5 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 framework
- decisions the Commission can make

We would like your feedback on the proposed assessment framework.

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

The Commission is bound by the National Energy Law (NEL) to only make a rule if it is satisfied that the Rule will, or is likely to, contribute to the achievement of the national energy objective.[57]

The NEO is:[58]

> 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 targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO.[59]

5.2 We propose to assess the rule change using the relevant criteria

5.2.1 Our methods to analyse the proposed rule

Considering the NEO and the issues raised in the rule change request, the Commission proposes to assess this rule change request against the set of criteria outlined below. These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request. We consider these impacts within the framework of the NEO.

The Commission's regulatory impact analysis may use qualitative and/or quantitative methodologies. The depth of analysis will be commensurate with the potential impacts of the proposed rule change. We may refine these methodologies as this rule change progresses, including in response to stakeholder submissions.

Consistent with good regulatory practice, we also assess other viable policy options - including not making the proposed rule (a business-as-usual scenario) and making a more preferable rule - using the same set of assessment criteria and impact analysis methodology where feasible.

57 Section 88 of the NEL.
58 Section 7 of the NEL.
59 Section 32A(5) of the NEL.

5.2.2 Assessment criteria and rationale

As we may consolidate these rule changes, we have first proposed a common assessment criterion that is consistent across all three rule change requests. Later, the criteria unique to each rule change request is elaborated upon.

Principles of good regulatory practice

We consider the principles of good regulatory practice to be a primary consideration of each rule change.

For ***ERC0414***, allowing for type 4A metering installations in rural and remote areas would be consistent with the intent of our Updating the regulatory frameworks for distributor-led SAPS review to allow NEM distributors to use SAPS where it would be economically efficient to do so. This rule change could also avoid over-prescription in metering installation, removing barriers to remote and rural SAPS generation deployment.

For ***ERC0413***, we consider that it would interact constructively with the Unlocking CER benefits rule change, remedying the inconsistency to provide certainty on the implementation of the Rule in Victoria. The alternate wording proposed would also promote a principles-based approach, drafting the Rules using a functional criteria as opposed to prescriptively listing all eligible meter types. The new wording nonetheless preserves the accuracy and efficiency of settlement processes.

The amendments to the tables in NER Schedule 7 align requirements for metering installation competency across the Rules to improve consistency.

For ***ERC0409***, aligning Metrology Procedures with other AEMO procedures under Chapter 7, and with the standard Rules Consultation Procedures would increase transparency and reduce regulatory complexity. This could make it easier for stakeholders to understand procedure change processes and comply with the Rules, with predictable consultation processes across metering procedures.

Question 20: Assessment framework

Do you agree that the principles of good regulatory practice should be the primary proposed assessment criteria across all three rule changes? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

Assessment criteria and rationale specific to *ERC0414*

The proposed assessment criteria and rationale specific to *ERC0414* are as follows:

- **Principles of market efficiency** – We consider a primary consideration of this rule change to be the principle of market efficiency, primarily productive efficiency. By enabling the use of type 4A manual-read meters in certain circumstances, this rule change could reduce the need for expensive satellite communications infrastructure, supporting a more efficient and widespread SAPS generation deployment in remote areas. AEMO proposes that the collection of metering data from type 4A installations at SAPS generation connection points could be synchronised with routine visits to read customers' meters within the SAPS, which could further optimise the data collection process whilst still preserving settlement accuracy.
- **Implementation considerations** - We consider a primary consideration of this rule change is the cost and complexity of implementation of not only the rule change, but also of the

deployment of SAPS. The flexibility to use type 4A meters could streamline the deployment of SAPS in rural and remote regions, reducing administrative and operational burdens on network providers, enabling DNSPs to realise cost efficiencies in the deployment of SAPS and enabling more customers to benefit from them.

Question 21: Assessment framework

Do you agree with the proposed assessment criteria specific to *ERC0414*? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

Assessment criteria and rationale specific to *ERC0413*

The proposed assessment criteria and rationale specific to *ERC0413* are as follows:

- **Outcomes for consumers** – We consider a primary consideration of this rule change is to ensure equitable consumer access by allowing Victorian consumers to also have SSPs, and delivering on the Unlocking CER benefits through flexible trading rule's intent to provide flexible trading opportunities across the entire NEM.
- **Principles of market efficiency** - We consider the principles of market efficiency to be a primary consideration of this rule change. By facilitating SSPs, the Rule would allow the trading of energy and services in Victoria that might otherwise not occur. The removal of this barrier would promote equity and allow all consumers across the NEM to access the benefits of flexible trading.
- **Innovation and flexibility** - We consider a primary consideration of this rule change is to support the benefits of innovation in flexible trading through allowing the establishment of SSPs in Victoria.

Question 22: Assessment framework

Do you agree with the proposed assessment criteria specific to *ERC0413*? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

Assessment criteria and rationale specific to *ERC0409*

The proposed assessment criteria and rationale specific to *ERC0409* are as follows:

- **Innovation and flexibility** - We consider improved flexibility of the Rules to be a primary consideration of this rule change. Removing the mandatory three-month period between publication and commencement of the Metrology Procedures would allow for more agile changes to the Metrology Procedures to be implemented by the market.
- **Implementation considerations** - We consider implementation considerations to be a primary consideration of this rule change. The removal of the three-month period would enable faster responses to emerging issues and bringing it into line with the Rules consultation procedures. In turn, this would improve market efficiency, benefiting all stakeholders. Reducing administrative burdens and delays could also lead to cost savings for AEMO and market participants.

Question 23: Assessment framework

Do you agree with the proposed assessment criteria specific to *ERC0409*? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

5.3 We have three options when making our decision

After using the assessment framework to consider each of the rule change requests, the Commission may decide:

- to make the Rule as proposed by the proponent.[60]
- to make a rule that is different to the proposed rule (a more preferable rule), as discussed below, or
- not to make a rule.

For each rule change request, 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.[61]

5.4 The proposed rules would not apply in the Northern Territory

Parts of the NER, as amended from time to time, apply in the Northern Territory, subject to modifications set out in regulations made under the Northern Territory legislation adopting the NEL.[62]

The proposed rules would not apply in the Northern Territory, as they amend provisions in NER chapter 7 that do not apply in the Northern Territory.[63] Consequently, the Commission will not assess the proposed rules against additional elements required by the Northern Territory legislation.

60 The proponent provides its proposed rule drafting in AEMO, *ERC0414* rule change request, p.7, AEMO, *ERC0413* rule change request, p.7., AEMO, *ERC0409* rule change request, p.8.

61 Section 91A of the NEL.

62 National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 (**NT Act**). The regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016.

63 Under the NT Act and its regulations, only certain parts of the NER have been adopted in the Northern Territory. The version of the NER that applies in the Northern Territory is available on the AEMC website at: https://energy-rules.aemc.gov.au/ntner.

Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CER	Consumer Energy Resources
Commission	See AEMC
DNSP	Distributed Network Service Provider
FRMP	Financially Responsible Market Participant
HLIAs	High Level Implementation Assessments
MC	Metering Coordinator
MDP	Metering Data Provider
MP	Metering Provider
MSATS	Market Settlement and Transfer Solution
MSRP	Market SAPS Resource Provider
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NERL	National Energy Retail Law
NERR	National Energy Retail Rules
the Orders	Victorian Orders in Council
Proponent	The proponent of the rule change request
REMPs	Retail Electricity Market Procedures
SAPS	Stand-alone Power Systems
SSP	Secondary Settlement Point
Vic AMI	Victorian Advanced Metering Infrastructure