

Draft rule determination

National Electricity Amendment
(Supporting compliance with meter
maintenance obligations) Rule 2026

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PLUS ES
AEMO
Intellihub

DETERMINATION

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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 Commission has decided to make a more preferable draft electricity rule (draft rule) to support metering coordinators' (MCs') compliance with testing, inspection and malfunction repairs in response to rule change requests submitted by Yurika, PLUS ES, the Australian Energy Market Operator (AEMO) and Intellihub. The Commission determined that no draft retail rule was required.
- 2 The rule change requests argue that MCs find it challenging to meet their obligations to test and inspect metering installations, and repair malfunctions within timeframes specified by NER. We consider that under certain circumstances, resolving these challenges within specific timeframes may be outside of MCs' control.
- 3 To support MCs in resolving challenges and improve compliance, the draft rule would amend the National Electricity Rules (NER) to:
 - introduce an obligation on the person who appoints an MC (generally, retailers or large customers) to support MCs in meeting their meter maintenance obligations
 - expand the exemption framework for meter malfunctions and introduce an exemption framework for testing and inspections to allow MCs greater flexibility to manage situations where a metering installation is not accessible, safe or ready
 - introduce an obligation for previous MCs to share the most recent test certificate, where available, with the new MC at a metering installation.
- 4 The Commission considers the draft rule would be in the long-term interest of consumers. Requiring retailers or large customers, where relevant, to support MCs to meet their meter maintenance obligations would increase the number of meters being tested, inspected and repaired and result in more accurate meters. This would improve the overall accuracy of customer billing and market settlement, thereby reducing unaccounted for energy (UFE).
- 5 The draft rule recognises that MCs face circumstances beyond their control, and it gives MCs more flexibility to test and inspect metering installations, and repair malfunctions, to manage situations where a metering installation is not accessible, safe or ready. These proposed changes under the draft rule would also mitigate the risk that MCs may be penalised for non-compliance with their obligations due to site issues beyond their control (eg, lack of site access and defects at a metering installation).
- 6 Establishing a requirement for MCs to share test certificates creates efficiency through avoiding unnecessary testing costs. As a whole, the draft rule would enhance the efficiency of meter maintenance arrangements, while improving the accuracy of energy data across the NEM.
- 7 We consider that the rule should commence on 1 April 2027. This would allow approximately nine months after the final rule is made for AEMO and industry to prepare changes to the relevant procedures and internal processes, in preparation for the change.
- 8 We are seeking feedback on our draft determination and rule by **7 May 2026**.

The rule change requests consider existing arrangements make it challenging for MCs to meet their testing, inspection and malfunction rectification obligations

- 9 Under existing arrangements, MCs are responsible for ensuring metering installations are tested and inspected, and malfunctions are repaired. MCs must ensure this is done under specified

timeframes in the NER and in accordance with AEMO procedures. These requirements support the accuracy of the data used to bill customers, settle markets, and operate the system.

10 However, as raised in the rule change requests from the proponents, it can be challenging for MCs to comply with their obligations. In their rule change requests, MCs suggested that it can be difficult to:

- test and inspect large customers' high voltage (HV) metering installations in accordance with the NER without support from retailers or large customers to facilitate the activities required for testing and inspecting metering installations to meet their obligations. These activities can include:
 - access to the metering installation
 - arranging activities for meter testing, including supply interruptions
 - cost recovery for meter maintenance work.
- repair malfunctions for metering installations within specified timeframes in AEMO's Exemption Procedure, when:
 - there is a defect at a small customer's metering installation
 - access to the metering installation is blocked
 - there are family failures.¹

11 Additionally, Intellihub's rule change request identified issues with the existing arrangements when a new MC is appointed to a connection point. When a metering installation is tested and inspected, MCs obtain a test certificate. Some metering installations may not need to be tested again by a new MC appointed to a connection point if the previous MC holds a test certificate that is valid until the next relevant testing time under the NER. Intellihub suggested that a lack of obligation on the previous MC to provide the new MC appointed to a connection point a test certificate for HV current transformers (CTs) and voltage transformers (VTs) causes two issues:

- Higher and unnecessary costs for meeting testing and inspection requirements. The new MCs would need to re-test a metering installation that may have already been verified as compliant with standards under the NER.
- Poor customer experience. It can be frustrating or confusing for large customers when MCs request and follow up with large customers to arrange testing for a metering installation that may have already been recently tested.

Stakeholders agreed it can be challenging for MCs to meet their testing, inspection and malfunction rectification obligations

12 The Commission considered 13 stakeholder submissions to the consultation paper, in addition to holding several bilateral and multilateral meetings with retailers, metering parties and AEMO. Findings from our [Review of the regulatory framework for metering services](#) (*Metering review*) and decisions in our [Accelerated deployment of smart meters rule change](#) (*Accelerating smart meters rule change*) also informed our draft position.

13 Stakeholders broadly agreed that MCs face challenges in meeting their testing, inspection and malfunction repair obligations where there are site access or defect issues. Some stakeholders noted this is because the retailer or large customer appointing the MC has limited incentive to support MCs due to the cost, complexity and operational impacts of testing. For example, the

¹ A 'family failure' is a family or group of meters with a common characteristic, such as the same manufacturer or the same type or model of the meter, that is deemed as malfunctioning. A family is deemed as malfunctioning if it fails sample testing in accordance with AEMO's Metrology Procedures.

Energy Users Association of Australia (EUAA) and PLUS ES noted that testing for large customers can cost up to \$30,000 and require a supply interruption lasting up to eight hours.

- 14 Feedback was mixed regarding the ability of MCs to address family failures within the specified timeframes in AEMO’s exemptions procedures. Energy Queensland and Mondo suggested more time was required, while AEMO considered the timeframes sufficient. AEMO also highlighted changes to Metrology procedures in December 2025 that clarify MCs’ ability to create sub-families to isolate the scale of meter replacements.
- 15 Stakeholders had mixed views across the four rule change requests’ proposals to support MCs with their testing and inspection obligations:
- Many stakeholders supported Intellihub’s proposal of requiring retailers to inform large customers that MCs are required to test and inspect metering installations. These stakeholders considered that this would allow consistent messaging across retailers, minimising misunderstandings and disputes, and ensuring customers are aware of their role, such as providing access to the metering installation.
 - Stakeholders had mixed views on Yurika and Intellihub’s proposals to de-energise large customers if they fail to cooperate with MCs or ensure compliance with testing and inspection requirements under the NER. MCs supported the proposals as a measure of last resort, whilst the EUAA and most retailers opposed the proposal as it could create life-threatening circumstances and have disproportional financial impacts on large customers.
 - Many stakeholders opposed or had reservations about PLUS ES’s proposal to regulate contractual agreements between MCs and relevant parties to include MCs’ testing and inspection obligations, including cost recovery for its activities. Bluecurrent and all retailers argued that such clauses are often negotiated, and may simply shift compliance burdens and costs to retailers, who may lack control over key factors like site access to achieve the intended outcome.
 - Several stakeholders also opposed AEMO’s proposal of amending the current UFE allocation methodology. They argued AEMO’s proposal would be unfair, ineffective and complex to impose extra UFE on retailers with non-compliant metering installations.
 - All stakeholders, except AEMO, supported Intellihub’s proposal to require AEMO to consider providing MCs more time to repair malfunctions. Most stakeholders argued that these would better accommodate circumstances in which MCs cannot meet timeframes due to factors outside their control. However, AEMO argued that extending exemption periods would not be an effective response, and financially responsible market participants (FRMPs) need to be incentivised to support MCs in delivering their obligations.
- 16 Findings from the Metering review acknowledged that it is customers’ responsibility to take the necessary steps for a defect at a metering installation to be rectified (eg, engaging an electrician). The Metering Review found that in most jurisdictions, customers are responsible for undertaking remediation to provide a site that enables MCs to replace a malfunction or install a meter. However, customers often face financial barriers to rectifying these issues, as they face upfront costs of engaging an electrical contractor, which can be significant.
- 17 Our *Accelerating smart meters* rule change amended malfunction rectification timeframes to improve the timeliness of malfunctions being repaired. That rule change made a number of changes to reduce delays in meter replacements or repairs that could otherwise directly impact customer bills, and improve compliance with the timeframe requirements for replacing malfunctioning meters in order to prevent a backlog of malfunctioning meters in AEMO’s exemption register. Our draft rule would maintain the *Accelerating smart meters* rule change’s

intended outcomes, acknowledging that MCs can't resolve site issues beyond their control to repair malfunctions within NER and AEMO timeframes.

The draft rule would support MCs to meet their meter testing, inspection and repair obligations

- 18 The draft rule has three components: new obligations on the person who appointed the MC (retailers or large customers), new and revised exemption frameworks, and a requirement for MCs to share test certificates.
- 19 The new obligations on retailers and large customers would require them to:
- facilitate a supply interruption at a connection point, including by agreeing the date on which the supply interruption would take place and facilitating access to the metering installation on that date, when requested by the MC
 - inform the customer of the date that the MC proposes to test, inspect or repair a metering installation and give any other information the customer needs to be ready for that work to be done, when requested by the MC
 - take reasonable steps to arrange for the defect to be rectified and inform the MC when it has been done if it becomes aware of a site defect.
- 20 These provisions in the draft rule would ensure MCs have the support they need from retailers or large customers to be able to test and inspect more metering installations, and repair more malfunctions in a timely way in accordance with the NER.
- 21 The draft rule requires AEMO to establish and administer a new exemption framework for testing and inspection. The draft rule also amends the existing exemption framework for malfunctions to better account for situations beyond the control of MCs.
- 22 Under these draft exemption frameworks, the end date of the exemption would be determined by AEMO on a case-by-case basis in accordance with AEMO's Exemption Procedure. MCs can apply for this type of exemption specifically where a metering installation is not:
- accessible - eg, where the MC is unable to access the premises or metering installation because the metering installation is behind a locked gate
 - safe or ready for the MC to repair a malfunction - eg, where there is a defect at the metering installation, such as poor condition of the meter panel.
- 23 This proposed change would provide MCs with more time to test and inspect metering installations, and repair malfunctions, with support from retailers or large customers when site access is an issue. It would also mitigate the risk that MCs may be penalised for non-compliance with their obligations due to issues outside their control to resolve.
- 24 To support the sharing of test certificates, the draft rule requires the previous MC appointed to a connection point to ensure that the most recent test certificates for a metering installation, where available, are accessible to the new MC at a connection point within 10 business days upon the new MC's request.
- 25 In the long term, this draft change would provide consumers with cost savings from avoiding unnecessary meter tests, which would outweigh implementation costs (eg, system build to enable certificate transfer) and the higher regulatory burden on MCs.

The draft rule would promote the National Electricity Objective (NEO)

- 26 The Commission has considered the NEO² and the issues raised in the rule change requests and assessed the draft rule against four assessment criteria outlined below. We gathered and analysed stakeholder feedback in relation to these criteria, noting there were no changes to the criteria based on stakeholder feedback to the consultation paper.
- 27 The more preferable draft rule would contribute to achieving the NEO by:
- **Promoting better outcomes for consumers in the long term.** The draft rule introduces additional obligations on retailers (who appointed the MC) by requiring them to notify and provide information to customers about MC meter maintenance activities. Additionally, the party that appointed the MC (retailers or large customers) would be obliged to assist in coordinating meter maintenance activities. Adding these obligations to the Rules would help MCs meet their obligations as MCs secure the support they need from retailers and large customers to carry out activities to test, inspect and repair meters. In turn, this would increase the proportion of compliant and accurate meters, which is in the long-term interests of consumers.
 - **Promoting safety, security and reliability.** The draft rule would introduce an exemption framework for testing and inspection, and amend the existing malfunctions exemption framework. One key component of the exemption frameworks in the draft rule is grounds for an exemption when a metering installation is not accessible, safe or ready for the MC to test, inspect or repair. Adding this condition may help MCs manage potential safety threats when seeking to meet their metering maintenance obligations as MCs can seek an exemption where there are safety risks at a premise or metering installation (eg, defect at the metering installation).
 - **Promoting principles of market efficiency.** The draft rule would improve the efficiency of MC operations by assisting MCs to get the support they need from retailers and large customers to fulfil meter maintenance activities. The draft rule would also help avoid unnecessary and duplicative costs for new MCs, as they would not need to re-test a metering installation if it had already been tested by the previous MC within the relevant timeframe.
 - **Supporting a smooth implementation.** The draft rule would minimise implementation costs by building on existing frameworks and processes, such as the malfunctions exemption framework and the notification and tracking process for site defects that prevent meters being installed. The Commission has also opted to adopt an outcomes-based approach for the requirement for MCs to share testing certificates. That is, the draft rule does not prescribe a method or means by which MCs must share testing certificates. The draft rule seeks to minimise implementation complexity by setting out clear roles and processes for market participants and AEMO.

² Section 7 of the National Electricity Law.

How to make a submission

We encourage you to make a submission

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

How to make a written submission

Due date: Written submissions responding to this draft determination and rule must be lodged with Commission by **7 May 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 ERC0419.³

Tips for making submissions on rule change requests 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

Next steps and opportunities for engagement

There are other opportunities for you to engage with us, such as one-on-one discussions or industry briefing sessions.

You can also request the Commission to hold a public hearing in relation to this draft rule determination.⁶

Due date: Requests for a hearing must be lodged with the Commission by 2 April 2026.

How to request a hearing: 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 ERC0419/RRC0070. Specify in the comment field that you are requesting a hearing rather than making a submission.⁷

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/our-work-3>

⁵ Further information about publication of submissions and our privacy policy can be found here: <https://www.aemc.gov.au/contact-us/lodge-submission>

⁶ Section 101(1a) of the NEL.

⁷ If you are not able to lodge a request online, please contact us and we will provide instructions for alternative methods to lodge the request.

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1 The Commission has made a draft determination

The Commission has made a more preferable draft electricity rule in response to the rule change requests submitted by Yurika, PLUS ES, the Australian Energy Market Operator (AEMO) and Intellihub (the proponents). The more preferable draft electricity rule and is referred to as the draft rule for the purposes of this draft determination.

The draft rule seeks to support metering coordinators (MCs) to comply with their obligations under the national electricity rules (NER) to:

- test and inspect meters
- repair meter installation malfunctions
- obtain recent test certificates.

We are seeking feedback on this draft determination and draft rule by 7 May 2026.

This chapter provides an overview of the draft rule, how it would deliver net benefits, and stakeholder views that shaped our draft determination.

1.1 Our draft rule would improve the efficiency of meter maintenance arrangements

It is important for metering installations to function correctly so that customer billing and market settlement are accurate.

Under existing arrangements, MCs are responsible for ensuring that metering installations are tested and inspected, and repaired where there is a malfunction (see appendix C for more information on roles and responsibilities). MCs must ensure this is done under specified timeframes in the NER or in accordance with AEMO Procedures. These requirements support the accuracy of the data used to bill customers, settle markets, and operate the system. Section 2.1 and 3.1 of the consultation paper outlines existing arrangements in more detail.⁸

1.1.1 It can be challenging for MCs to test and inspect metering installations and repair malfunctions within the required timeframes in some circumstances

The proponents raise that MCs find it challenging to comply with their obligations to:

- test and inspect large customers' high voltage (HV) metering installations within specified timeframes in the NER, where retailers and large customers do not support MCs to:
 - arrange supply interruptions
 - ensure a premises is accessible, safe or ready
 - recover costs for meter maintenance work.
- repair malfunctions for small and large customers' metering installations within specified timeframes in AEMO's Exemption Procedure, where:
 - a premises is not accessible, safe or ready
 - there are family failure malfunctions.

The Australian Energy Regulator (AER) has agreed to a number of compliance plans, whereby the relevant MCs commit to ensuring that their large customers' 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:

⁸ AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, 4 December 2025.

- 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.

This means many metering installations are not fully compliant with the performance and accuracy requirements in the NER, leading to potential inaccuracies in customer billing and market settlement. Further, MCs bear the non-compliance risk of enforcement action brought by the AER in these circumstances.

Intellihub's rule change request also raised that the current process for obtaining test certificates for HV voltage transformers (VT) or current transformers (CT) is inefficient, as new MCs at a metering installation do not have access to the previous testing certificate for the site. This may result in MCs testing sites when they are not required to.

1.1.2 **Our draft rule would support MCs to test and inspect metering installations and repair malfunctions within specified timeframes in the NER**

As described in the consultation paper and appendix C, the person who appointed the MC (retailer or large customer) has a direct relationship with the MC.

Our draft rule would place an obligation on the person who appointed the MC (retailer or large customer, as applicable) to support MCs by providing reasonable assistance and cooperation to support MCs in carrying out their obligations to test and inspect metering installations, and repair malfunctions within specified timeframes in the Rules. This includes:

- facilitating supply interruptions so that the sites are ready
- informing customers of any defects at a metering installation, so that customers can take the necessary steps to rectify the defect (eg, engage an electrician) and ensure metering installations are safe and ready.

These proposed changes under our draft rule would support accuracy in customer billing and market settlement. This is by assisting MCs to secure the support they need from the person who appointed the MC (retailer or large customer as applicable) to be able to test and inspect metering installations and repair malfunctions, and MCs to ensure the metering installations are compliant with performance and accuracy requirements under the NER.⁹

Our draft rule recognises that, in addition to support from the person who appointed the MC (retailer or large customer as applicable), there may be circumstances where MCs are unable to comply with their obligations. Specifically, where a premise is not accessible, safe or ready for the MC to test, inspect or repair malfunctions to meet their obligations. As explained in section 1.2.4, it is the customers' responsibility to resolve any issues with the premises.

Our draft rule would enable MCs to seek an exemption with a longer period than specified in AEMO's Exemption Procedure. To minimise the risk that an exemption applies indefinitely, our draft rule would require MCs' to maintain efforts to overcome site issues, including seeking support from the person who appointed the MC (retailer or large customer as applicable), during the exemption period. Our draft rule would achieve this by:

- requiring MCs to provide AEMO with a malfunction rectification plan at the time of applying for an exemption, as per the existing requirement, or a testing and inspection plan. This would

⁹ The MP's role is to install, operate and maintain the meters. The MC's role is to coordinate the provision of metering services, such as installing meters and repairing malfunctions. MC is responsible for ensuring metering installations are tested and inspected, and malfunctions are repaired in accordance with the NER. The role of the MP and MC can be done by the same business.

provide AEMO with transparency on how MCs are maintaining efforts to test and inspect a metering installation.¹⁰

- allowing AEMO to revoke an exemption where it considers appropriate, and where there is no clear rationale from the MC to retain an exemption.

To minimise unnecessary and duplicative costs for testing requirements, our draft rule also introduces an obligation for previous MCs to share the most recent test certificate with the new MC at a metering installation.

Our draft rule is explained in detail over three chapters:

- Chapter 3 explains the requirements on the retailer or large customer to provide reasonable assistance and cooperation to MCs to test and inspect metering installations, and repair malfunctions in accordance with their requirements.
- Chapter 4 explains how MCs would be able to apply to AEMO for an exemption to testing, inspection and malfunction repair requirements.
- Chapter 5 explains the requirement on previous MC at a connection point to share available test certificates to the new MC.

1.2 Stakeholder feedback and Australian Energy Market Commission’s (AEMC’s) *Review of the regulatory framework for metering services (Metering review)* shaped our determination

The Commission considered stakeholder input and feedback to the consultation paper and from a number of bilateral and multilateral stakeholder meetings, including briefings with retailers, MCs and AEMO.¹¹

The Commission also considered relevant findings from the [AEMC’s Review of the regulatory framework for metering services \(Metering review\)](#).

Appendix A provides further detail on the rule-making process.

1.2.1 Stakeholders broadly agreed that MCs face challenges meeting their testing and inspection obligation, but had mixed views on the proponents’ proposed solutions

MCs can face circumstances outside their control in complying with their testing and inspection obligations for large customers

All stakeholders agreed that MCs can face challenges with getting support from retailers and large customers to meet their testing and inspection requirements, including:

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

Some stakeholders noted that this is because the retailer or large customer appointing the MC has limited incentive to support MCs due to the cost, complexity and operational impacts of testing.¹² For example, Energy Users Association of Australia (EUAA) and PLUS ES noted that testing for large customers can cost up to \$30,000 and require a supply interruption lasting up to eight hours, respectively.¹³

¹⁰ Clause 7.8.10(c) of the NER.

¹¹ We received 13 submissions to the consultation paper.

¹² Submissions to the consultation paper: PLUS ES, pp. 2, 3; Bluecurrent, pp. 1, 2; Origin, p. 1; Energy Queensland, p. 4.

MCs noted that similar challenges also apply to small customers' metering installations, not only large customers.¹⁴

EUAA disagreed that MCs' non-compliance is solely due to a lack of support from large customers. They noted that:¹⁵

- some large customers are not aware of their obligations, particularly where they are a new site owner
- there are cases where MCs are unable to provide the required services in complex environments
- MCs request site access or supply interruption at short notice.

Stakeholders had mixed views across the four rule change requests' proposals to support MCs with their testing and inspection obligations

Many stakeholders supported Intellihub's proposal of requiring retailers to inform large customers that MCs are required to test and inspect metering installations.¹⁶ Stakeholders generally viewed that it would:

- allow consistent messaging across retailers, minimising misunderstandings and disputes
- ensure customers are aware of their role, such as providing access to the metering installation, and that they need to cooperate with MCs with their obligations.

Stakeholders had mixed views on Yurika and Intellihub's proposals to disconnect large customers if they fail to cooperate with MCs or ensure compliance with testing and inspection requirements under the NER:

- MCs supported the proposals as a measure of last resort, provided customers are given ample opportunity to support MCs and there are safeguards to protect their safety.¹⁷
- EUAA and retailers, except Red/Lumo, opposed Yurika's proposal:
 - EUAA considered it would potentially create life-threatening circumstances and have financial impacts on large customers from lost production.
 - Retailers generally viewed that forced de-energisation is disproportionate, risky for business and customer safety, and unlikely to achieve the proposals' intent, especially for large customers where supply continuity is crucial and disconnections are complex to implement.¹⁸

Many stakeholders opposed or had reservations about PLUS ES's proposal to regulate contractual agreements between MCs and relevant parties to include MCs' testing and inspection obligations, including cost recovery. Bluecurrent and all retailers argued that such clauses are often negotiated, and may simply shift compliance burdens and costs to retailers, who may lack control over key factors like site access to achieve the intended outcome.¹⁹

Several stakeholders also opposed AEMO's proposal of amending the current unaccounted for energy (UFE) allocation methodology. They argued AEMO's proposal would be unfair, ineffective

13 Submissions to the consultation paper: EUAA, 4; PLUS ES, p. 2.

14 Submissions to the consultation paper: Intellihub, p. 2; PLUS ES, p. 2; Bluecurrent, p. 1.

15 EUAA, submission to the consultation paper, pp. 1-6.

16 Submissions to the consultation paper: EUAA, p. 5; PLUS ES, p. 8; Bluecurrent, p. 3; Mondo, p. 3; Origin, p. 4; AGL, p. 3; Stanwell, p. 3; Energy Queensland, p. 5.

17 Submissions to the consultation paper: PLUS ES, pp. 5, 7; Bluecurrent, p. 2; Mondo, p. 2.

18 Submissions to the consultation paper: Origin, pp. 3, 4; AGL, pp. 3, 7; Stanwell, pp. 2, 5.

19 Submissions to the consultation paper: Bluecurrent, p. 3; AGL, pp. 3, 9; Stanwell, p. 2; Energy Queensland, p. 5; Red/Lumo, p. 2; Origin, p. 4.

and complex to impose extra UFE on retailers with non-compliant metering installations because:²⁰

- non-compliance does not always mean the metering installation is contributing to UFE
- it would not create appropriate incentives or consequences on large customers to comply with meter testing obligations
- it could materially increase settlement volatility for retailers and create unpredictable financial exposure.

Chapter 3 provides further detail on stakeholder submissions and the Commission's considerations.

1.2.2 Stakeholders broadly agreed MCs are unable to repair malfunctions within specified timeframes and supported Intellihub's proposal

Stakeholders broadly agreed MCs may not be able to comply with malfunction repair timeframes in circumstances outside of their control

Many stakeholders agreed that MCs may not be able to repair malfunctions within the required timeframes, where there are site access or defect issues.²¹ Energy Queensland and Mondo also agreed MCs may not be able to repair family failures within the specified timeframe in AEMO's Exemption Procedure. However, AEMO considered this timeframe to be reasonably sufficient for MCs to address operational issues within their control, such as sourcing equipment. AEMO also highlighted MCs can determine the size of a family, and should only commit to testing it once the MC is confident the family failure can be repaired within the timeframes in the NER and AEMO's Exemption Procedure.²²

In addition to these circumstances, Energy Queensland and PLUS ES raised supply chain issues, such as difficulty or delay in sourcing equipment, with the view that it is beyond MCs' control to resolve.²³

Stakeholders, except AEMO, supported Intellihub's proposal to require AEMO to consider providing MCs more time to repair malfunctions

All stakeholders who provided feedback on Intellihub's proposal supported it, except AEMO (see section 3.3 of the consultation paper for details on Intellihub's proposal).²⁴ These stakeholders viewed that Intellihub's proposed changes would better accommodate circumstances in which MCs cannot reasonably meet the specified timeframes due to factors out of MCs' control.²⁵

AEMO opposed Intellihub's proposed changes. This is because it considered:²⁶

- extending exemption periods, or providing additional discretionary or ongoing extensions, would not be an appropriate or effective response for scenarios outside MCs' control, such as dependency on the customer to cooperate, provide site access or rectify a defect at a metering installation

20 Submissions to the consultation paper: EUAA, p. 3; PLUS ES, p. 11; Mondo, p. 3; Origin, p. 5; AGL, pp. 4, 11; Energy Queensland p. 6; Red/Lumo, p. 2.

21 Submissions to the consultation paper: AEMO, p. 1; PLUS ES, pp. 12, 13; Mondo, p. 2; AGL, p. 12; Bluecurrent, pp. 4, 5; Red/Lumo, p. 2; Energy Queensland p. 7.

22 AEMO, submission to the consultation paper, p. 1.

23 Submissions to the consultation paper: Energy Queensland, p. 7; PLUS ES, pp. 12,13.

24 Submissions to the consultation paper: PLUS ES, pp. 13, 14; AGL, pp. 1, 4, 12; Bluecurrent, p. 5; Energy Queensland, pp. 7, 8; Red/Lumo, p. 2. AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, p. 26.

25 Ibid.

26 AEMO, submission to the consultation paper, p. 1.

- MCs would be able to comply with the malfunction rectification timeframes in the NER and AEMO's Exemption Procedure in these scenarios outside MCs' control with support from financially responsible market participants (FRMPs). As such, AEMO's rule change request proposed changes that would make FRMPs share accountability and consequences for non-compliance alongside MCs.

Chapter 4 provides further detail on stakeholder submissions and the Commission's considerations.

1.2.3 Several stakeholders agreed that the current process for obtaining test certificates is inefficient, but feedback on proposed solutions was mixed

Stakeholders who provided feedback to Intellihub's rule change request on this identified issue broadly agreed the process for obtaining test certificates from the previous MC can be administratively lengthy and costly.²⁷ Many of these stakeholders supported Intellihub's proposal with the view that it would reduce unnecessary re-testing and improve efficiencies.²⁸

Bluecurrent and PLUS ES raised concerns with Intellihub's proposal, relating to the need for the proposed changes and its practical considerations.

Chapter 5 provides further detail on stakeholder submissions and the Commission's considerations.

1.2.4 Findings from AEMC's *Review of the regulatory framework for metering services (Metering review)* and intent of the *Accelerated deployment of smart meters rule change (Accelerating smart meters rule change)* informed our draft rule

Our *Metering review* acknowledged that it is the customers' responsibility to rectify defects at a metering installation

Our [Metering review](#) identified that in most jurisdictions, customers are responsible for undertaking remediation to provide a site that enables MCs to replace a malfunction or install a meter. However, customers often face financial barriers to rectifying these issues, as they face upfront costs of engaging an electrical contractor, which can be significant. Further, metering parties and retailers are not able to oblige the customer to undertake remediation without the customer's consent. This can lead to low levels of remediation.²⁹

Our draft rule would enable MCs to have greater flexibility to manage situations where a premise is not accessible, safe or ready, and comply with their obligations to test and inspect metering installations and repair malfunctions within specified timeframes under current arrangements. This is by allowing MCs to apply to AEMO for an exemption in these circumstances.

Our *Accelerating smart meters rule change* amended malfunction rectification timeframes to improve the timeliness of malfunctions being repaired

As outlined in section 3.1.1 of the consultation paper, our *Accelerating smart meters rule change* made a number of changes to:³⁰

- reduce delays in meter replacements or repair that could otherwise directly impact customer bills

27 Submissions to the consultation paper: PLUS ES, p. 5; Bluecurrent, p. 2; Mondo, p. 2; Origin, p. 3; AGL, p. 6.

28 Submissions to the consultation paper: EUAA, p. 6; Mondo, p. 3; Origin, p. 4; AGL, pp. 3-4, Stanwell, p. 3.

29 AEMC, [Metering review final report](#), pp. 89,90.

30 AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, p. 24.

- improve compliance with the timeframe requirements for replacing malfunctioning meters in order to prevent a backlog of malfunctioning meters in AEMO's exemption register
- reduce administrative costs on AEMO incurred to process a large number of exemption requests, by providing AEMO with clearer parameters for administering the exemption framework.³¹

Our draft rule would maintain the *Accelerating smart meters* rule change's intended outcomes, acknowledging there are circumstances where MCs can't resolve site issues beyond their control to repair malfunctions within NER and AEMO timeframes. This is by enabling MCs to apply to AEMO for an exemption with a longer period than specified in AEMO's Exemption Procedure.

Our draft rule also reflects our consideration that the issues raised by the rule change requests and submissions are similar, so should be considered holistically. As such, our approach to proposed changes are similar across both the testing and inspection, and malfunctions, frameworks.

³¹ 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).

2 The draft rule would contribute to the national electricity objective

The draft rule would contribute to the National Electricity Objective (NEO) by promoting safety and reliability outcomes, as more metering installations would meet the performance and accuracy requirements under Chapter 7 of the NER. The draft rule would also promote efficiency of meter maintenance practices, minimising the cost of these practices in the long-term interests of consumers.

Section 2.3 outlines details on how the draft rule would contribute to the NEO.

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

The Commission can only make a rule if it is satisfied that the rule will or is likely to contribute to the achievement of the relevant energy objectives.³²

For this rule change, the relevant energy objective is the NEO, as the Commission has determined that no draft retail rule is required to give effect to the Commission's policy positions.

The NEO is:³³

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.³⁴

2.2 We must also take these factors into account

2.2.1 We have considered whether to make a more preferable draft rule

The Commission may make a rule that is different, including materially different, to a proposed rule (a more preferable 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.³⁵ In this case, the Commission has made a more preferable draft electricity rule, and no draft retail rule, for the reasons outlined below.

As the draft determination and draft rule respond to multiple issues raised across the four rule change requests, the following table outlines the elements of each original proposal, and where

³² Section 88(1) of the NEL.

³³ Section 7 of the NEL.

³⁴ Section 32A(5) of the NEL.

³⁵ Section 91A of the NEL and 244 of the NERL.

the more preferable draft rule differs from the proposals. Further detail on each draft position is presented in chapter 3, chapter 4 and chapter 5.

Table 2.1: The rule change requests and our more preferable draft rule

Rule change request	Change proposed in the rule change request	Draft position	Rationale for the draft position/preferred draft rule (if applicable)
Intellihub	<p>Change the meter maintenance framework to:</p> <ul style="list-style-type: none"> require the FRMP to inform HV customers of their obligation to support meter maintenance introduce safeguards should HV customers fail to meet obligations, including obligations on FRMPs and distribution network service providers (DNSPs) to support supply interruptions to the customer. 	Not introduce powers to de-energise customers' premises if large customers do not cooperate with MCs' testing and inspection obligation.	The Commission has opted not to introduce powers to de-energise a customer's site if it does not support an MC's testing, inspection and malfunction obligations. This is because de-energisation can have significant safety and financial impacts for customers.
	Introduce a new obligation on the previous MC to provide a copy of the HV current transformer (CT) and voltage transformer (VT) test certificates within 10 business days of the request from the current MC.	The previous MC must ensure the most recent test certificate for a metering installation is accessible to the new MC within 10 business days, if available.	The draft rule follows the intent of the rule change request; however, it adds a condition that the testing certificate is available. This aims to support situations where old testing certificates have been lost or are not available to the MC.
	Introduce defined scenarios into the NER that AEMO must consider and not unreasonably refuse an exemption or extension for individual meter malfunctions and family failures.	Allow MCs to apply to AEMO for an exemption that does not have a specified timeframe in the NER or AEMO's Exemption Procedure where there are safety, accessibility and readiness issues with the site that	The draft rule follows the broad intent of the rule change request by setting out conditions to which a special exemption could be sought by AEMO for individual failures, where a metering installation is not accessible, safe or ready. The Commission opted not

		<p>prevent MCs from meeting their obligations in the NER. For these situations, the exemption would end on a date AEMO considers appropriate for the MC's circumstances. The draft rule maintains the existing timeframes in the NER and AEMO's Exemption Procedure for other situations, including for family failures and supply chain issues.</p>	<p>to extend the exemption frameworks for family failures for a number of reasons, including MCs ability to manage the size of families and adopt the use of sub-families to manage failures under the existing exemption framework.</p>
PLUS ES	<p>Introduce a requirement that the terms of appointment of the MC (ie, the contract between retailers/large customers and MCs for metering services) include all the MC's testing and inspection obligations at a reasonable commercial rate.</p>	<p>Not regulate the terms of contracts between MCs and retailers/large customers.</p>	<p>The terms of contracts between retailers/large customers and MCs are commercial in nature. PLUS ES's proposed approach would be against current practice and may have implications for competition between MCs. The Commission considers the terms and scope of contracts should be negotiated between parties before entering into the contracts.</p>
Yurika	<p>Introducing a new power for retailers to de-energise and re-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.</p>	<p>Not introduce powers for retailers to de-energise and re-energise large customers for failing to facilitate MC obligations.</p>	<p>De-energisation can have significant safety and financial impacts for customers.</p>
	<p>Amend the MC's testing responsibility in the NER from an absolute to a best endeavours obligation.</p>	<p>The testing and inspection obligation remains absolute. However, the Rules would introduce an exemption framework</p>	<p>This approach would maintain responsibility on MCs whilst encouraging them to continue efforts to overcome issues that prevent the metering</p>

		where MCs are unable to test and inspect metering installations where the metering installation is not accessible, safe or ready.	installation from being accessible, safe or ready, by seeking support from the retailer or large customer. Where these site issues continue to prevent MCs from meeting their testing, inspection and malfunction rectification obligations, the draft rule enables MCs to apply to AEMO for an exemption so that MCs are not penalised for site issues outside their control.
AEMO	Amend the definition of 'metering installation' in the NER to make explicit that a metering installation must be compliant and verified in accordance with the requirements of Chapter 7, including testing and inspection.	Not amend the definition of 'metering installation' in the NER.	The approach in the rule change request would likely introduce compliance challenges for retailers where there are site issues. The Commission also considers it more appropriate to outline retailers' obligations for regulatory certainty and to achieve the intent of the rule change request.
	Introduce new paragraphs that make it explicit that, where an MC is unable to carry out its obligations under these provisions due to customer or site access limitations, the relevant FRMP must facilitate the MC fulfilling their obligations within a specified timeframe.	The draft rule requires retailers or large customers to support MCs in delivering their testing, inspection and malfunction rectification activities.	The draft rule aligns with the broad intention of the rule change request.
	Introduce a compliance-weighted UFE allocation method into the NER, where non-compliant NMIs receive a higher proportion of UFE.	Not change the current UFE allocation approach to resolve MCs' non-compliance with testing and inspection obligations.	While this may incentivise FRMPs and customers to comply with the rules, it involves considerable implementation challenges. For example, for AEMO and/or retailers to accurately determine the share of UFE that is due to

			non-compliant metering installations.
	Require DNSPs to provide MCs advance notice of planned outages.	Do not require DNSPs to provide MCs advance notice of planned outages.	The Commission consider that there are practical challenges that could limit the effectiveness of such a requirement. For example, operational conflicts between DNSPs and MCs due to misaligned outage durations.

2.2.2 We have considered whether to make a draft rule for the Northern Territory

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 National Electricity Law (NEL).³⁶ Under those regulations, only certain parts of the NER have been adopted in the Northern Territory.

The more preferable draft rule does not relate to parts of the NER that apply in the Northern Territory. As such, the Commission has not considered Northern Territory application issues.

2.3 How we have applied the legal framework to our decision

The Commission must consider the proposed changes to the current meter testing and inspections and malfunctions frameworks in light of the legal framework.

We identified the following criteria to assess whether the proposed rule changes, no change to the rules (business-as-usual), or other viable, rule-based options are likely to better contribute to achieving the NEO and NERO:

- Outcomes for consumers - see section 2.3.1
- Safety, security and reliability - see section 2.3.2
- Principles of market efficiency - see section 2.3.3
- Implementation considerations - see section 2.3.4.

These assessment criteria reflect the key potential impacts – costs and benefits – of all four rule change requests, for impacts within the scope of the NEO and NERO. Our reasons for choosing these criteria are set out in section 4.1 of the consultation paper.

The Commission has evaluated the impacts of the various policy options against the assessment criteria, taking into account stakeholder submissions.

The rest of this section explains why the draft rule best promotes the long-term interest of consumers when compared to other options and assessed against the criteria.

³⁶ These regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modifications) Regulations 2016.

2.3.1 The draft rule would promote better outcomes for consumers

We consider that the draft rule would improve customer outcomes compared to the current arrangement and the proposed rules. Specifically, customers would benefit from improved meter accuracy and lower metering costs.

The draft rule would introduce additional obligations on retailers and large customers to support MCs in meeting their testing, inspection, and repair obligations. Under the draft rule, retailers must notify and provide information to customers about MC meter maintenance activities (where the retailer appointed the MC). Additionally, retailers and large customers must cooperate and provide reasonable assistance to MCs so they can comply with their obligations to test and inspect metering installations, and repair malfunctions in accordance with the NER. Adding these obligations to the Rules would likely help MCs meet their obligations compared to the status quo, particularly when they face barriers related to site issues (lack of site access or defect at a metering installation). This is because MCs would secure the support they need from retailers and large customers to carry out meter testing, inspection and repair (eg, arranging supply interruptions). This, in turn, should increase the proportion of compliant and accurate meters, which is in the long-term interests of consumers.

As noted in Table 1.1, the draft rule does not introduce powers to de-energise large customer sites if large customers do not support an MC's testing, inspection and malfunction obligations, as was proposed by the rule change requests from Yurika and Intellihub.³⁷ The draft rule supports better outcomes for consumers compared to the original rule change requests because de-energisation can have significant safety and financial impacts for customers.

The draft rule would also introduce some efficiency improvements that should reduce costs faced by MCs, which should be passed on to consumers in the long term. These efficiency improvements are discussed in section 2.3.3. The draft rule would also impose some costs on the market, including requiring retailers and MCs to notify, inform, and coordinate with customers. However, the Commission is of the view that these costs would be outweighed by efficiency savings from MCs.

2.3.2 The draft rule would promote safety and reliability

Compared to the current arrangements, the draft rule would promote safety and reliability of the NEM through exemption frameworks and improved accuracy of metering installations.

The draft rule would introduce an exemption framework for testing and inspection and amend the existing malfunctions exemption framework. One key component of the exemption frameworks that is being introduced is grounds for an exemption when a metering installation is not accessible, safe or ready for the MC to test and inspect, or repair a malfunction. Adding this condition may help MCs manage potential safety threats when seeking to meet their metering maintenance obligations, as MCs do not need to face safety risks in order to comply with their obligations (eg, repairing a malfunction where there are wiring issues around the meter board).

The draft rule would also improve the accuracy of metering installations by requiring the person who appointed the MC (generally, retailers or large customers) to cooperate with and assist MCs in testing and inspecting metering installations, or in repairing malfunctions, when site issues arise. These improvements in accuracy should contribute to broader reliability goals by enabling the market to operate and settle more efficiently.

³⁷ Yurika, Changes to the meter testing framework for large customers rule change request, pp. 11, 13. Intellihub, [Improving the metering installation maintenance framework](#) rule change request, pp. 8,9.

2.3.3 The draft rule would promote market efficiency

Compared to the current arrangements, the draft rule would improve market efficiency by streamlining MCs' meter maintenance activities.

Under the current framework, MCs can find it challenging to ensure metering installations are tested and inspected, or that malfunctions are repaired, when MCs are unable to obtain access to a metering installation on behalf of the Metering Provider (MP) or when there is a defect at the site or metering installation. As it is the customers' responsibility to resolve these site issues, which are outside MCs' control, this means MCs can incur costs and risk non-compliance in attempting to meet their obligations.

The draft rule includes requirements for retailers and large customers to assist MCs, which could increase the likelihood that customers resolve these site issues and that MCs can test and inspect metering installations or repair malfunctions. Additionally, the draft rule introduces a new exemption framework for testing and inspection, and amends the existing malfunctions exemption framework to be more flexible and account for barriers MCs face in practice, such as site access issues.

The draft rule also introduces an obligation for the previous MC at a connection point to share available test certificates with the new MC that is appointed at that connection point. This would avoid unnecessary and duplicative costs for new MCs, as they would not need to re-test a metering installation if it had already been tested by the previous MC within the relevant timeframe. This would improve the efficiency of MC operations.

2.3.4 The draft rule would minimise implementation costs and complexity

Compared to the proposed rules, the draft rule would minimise implementation costs by building on existing frameworks and processes, such as the malfunctions exemption framework and the notification and tracking process for defects at metering installations. The Commission has also opted to adopt an outcomes-based approach for the requirement for MCs to share testing certificates. That is, the draft rule does not prescribe a method or means by which MCs must share testing certificates. The draft rule seeks to minimise implementation complexity by setting out clear roles and processes for market participants and AEMO.

As noted in section 2.2.1, the draft rule does not change the UFE allocation methodology nor change the contracting requirements between MCs and retailers as proposed in the original rule change requests. Both these proposals would have added costs and complexity to the draft rule if adopted, through changes in AEMO systems and costs through changing requirements in contracts between commercial parties.

3 Requiring retailers and large customers to support MCs to overcome barriers to testing, inspecting and repairing meters

This chapter sets out:

- the Commission’s draft rule on requiring the party who appointed the MC (generally the retailer or large customer), to support 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.
- stakeholder feedback on the four rule change requests aiming to support MCs’ compliance with their testing, inspection and malfunction rectification obligations.
- the Commission’s rationale behind this aspect of the draft rule.

Box 1 provides an overview of the proposed changes under our draft rule.

Box 1: Requirements on retailers and large customers as the person who appointed the MC

Our draft rule requires the person who appointed the MC (typically, the retailer or the large customer) to promptly cooperate and provide reasonable assistance to MCs so they can comply with their obligations to test and inspect metering installations, and repair malfunctions in accordance with timeframes and performance and accuracy requirements.

Reasonable assistance would include:

- **where necessary, facilitating a supply interruption so that MCs can carry out their work.** Our draft rule enables MCs to request the person who appointed them, to facilitate a supply interruption by agreeing the date on which the supply interruption will take place, and facilitating access to the metering installation on that date
- **helping to resolve site access issues so that the metering installation is accessible.** Under our draft rule, where the retailer appointed the MC, the retailer must inform the customer of the date of the site visit and provide any further information the customer may need, so that customers are adequately prepared for the visit.
- **informing customers of any defects at a metering installation, so that customers can rectify them and ensure metering installations are safe and ready.** Our draft rule:
 - introduces a defect notification and tracking process for meter testing, inspection and malfunction repair for small and large customers’ metering installations
 - requires the person who appointed the MC, to promptly notify the MC if they received confirmation that the defect has been rectified.

3.1 Requiring retailers and large customers to support MCs to test, inspect and repair meters in accordance with the NER

As noted in appendix B, the four rule change requests proposed several changes to support MCs’ compliance with their testing, inspection and malfunction rectification obligations.

This section outlines our draft rule on requiring retailers and large customers to promptly cooperate and provide reasonable assistance to MCs, where requested by the MC, so that MCs

can test and inspect metering installations and repair malfunctions in accordance with the NER. Reasonable assistance would include:³⁸

- facilitating supply interruptions (if needed) so MC can carry out its work (section 3.1.1)
- resolving site access issues so that the metering installation is accessible (section 3.1.2)
- where applicable, informing customers of the date the MC proposes to test, inspect or repair a metering installation (per their obligations) and providing any further information the customer requires for the MC to carry out its work (section 3.1.2)
- informing customers of any defects at a metering installation, so that customers can rectify them and ensure metering installations are safe and ready (section 3.1.3).

We propose to recommend that the requirement to provide the MC reasonable assistance and cooperation under clause 7.6.2A(a) of the draft rule be a tier 2 civil penalty provision because if metering installation are not tested and inspected, or malfunctions are not repaired, there could be inefficient market outcomes which are not in the long-term interests of consumers.

3.1.1 Requiring retailers and large customers to support MCs to resolve issues with arranging supply interruptions

In order to test, inspect and repair metering installations safely, the electricity supply at the site may need to be interrupted. Supply can either be interrupted by DNSPs or retailers.

To support MCs to provide metering installation, maintenance, repair or replacement services, retailers may arrange planned interruptions for these forms of metering work.³⁹ However, the retailer-planned interruption requirements do not specifically provide for interruptions in relation to MCs' testing and inspection obligations.

As explained below, while MCs can arrange distributor-planned interruptions, MCs find it challenging to arrange retailer-planned supply interruptions. This means that, where retailer-planned supply interruptions are required, the site is not ready for the MC to test and inspect a metering installation, or repair a malfunction. To ensure the electricity supply is interrupted when an MC needs it to meet its testing, inspection or malfunction rectification obligations, our draft rule:

- enables MCs to request the person who appointed them to facilitate a supply interruption for the connection point and facilitate access to the metering installation on a date agreed with the MC. The MC and the person who appointed the MC must agree on the date of the supply interruption promptly upon the MC's request.⁴⁰
- requires the person who appointed the MC to facilitate a supply interruption and facilitate access to the metering installation on a date agreed with the MC, on the MC's request.⁴¹

In practice, where an MC requires the electricity supply to be interrupted at a customer's site, the MC could:

- request the large customer, where the large customer is the person who appointed the MC, to arrange a supply interruption with the DNSP, or
- request the retailer, where the retailer is the person who appointed the MC, to arrange a supply interruption. The retailer may need to coordinate between the MC and the large customer to agree on a date for a supply interruption, given the MC may not have a direct relationship with

38 Clause 7.6.2A(b) and rule 7.9A of the draft rule.

39 Rules 59B and 59C of the NERR.

40 Clauses 7.6.2A(a) and 7.6.2A(b)(1) of the draft rule.

41 Clause 7.6.2A(b)(1) of the draft rule.

the large customer and to minimise negative customer experiences for large customers (eg, inability to adequately plan operations for a supply interruption).

The NER requires MCs to test, inspect and repair meters within specific timeframes.⁴² The date of the supply interruption agreed between the MC and the person who appointed them should fall within this period. However, if it is not practicable to interrupt supply within this period, an MC may apply to AEMO for an exemption. The application should explain why it was not practicable to arrange a supply interruption within the period and the later date of the supply interruption agreed between the MC and the person who appointed the MC. The exemption would end on the date determined by AEMO in accordance with its Exemptions Procedure. For example, AEMO could determine that the exemption will end on the date the supply is interrupted and the MC is able to carry out its work. Chapter 4 explains the exemption processes under the draft rule in more detail.

3.1.2 Requiring retailers and large customers to support MCs to resolve site access issues

As explained in section 2.2.1 of the consultation paper, in some circumstances MCs are unable to obtain access customers' premises or metering installations to test and inspect them, or repair malfunctions.⁴³

We consider that in many cases, customers are not adequately prepared to provide site access to MCs. As EUAA suggested, this is because customers may not have been sufficiently notified of the site visit or in the case of large customers, a site visit may occur at a time that would cause significant disruption to a large customer's business operations.⁴⁴

To reduce the risk that MPs, on behalf of MCs, would not be able to access the site and appropriately prepare customers for the site visit, our draft rule requires MCs and retailers to inform customers of the site visit in a timely manner. Large customers may need greater advance notice (eg, at least 60 business days' advance notice) than small customers, as large customers tend to require significant coordination and careful planning.⁴⁵

To support MPs in accessing the site, under our draft rule:

- Where the retailer appointed the MC, the retailer must inform its small or large customer:
 - the date the MC proposes to have the MP test and inspect the metering installation, or repair the meter malfunction. This is the date the retailer agreed with the MC to facilitate a supply interruption discussed in section 3.1.1.
 - any further information the customer may require to prepare for the MC to carry out its work⁴⁶ This may include the customer's role or action required from them, such as where relevant:
 - providing the MP access to the metering installation if necessary
 - arranging a supply interruption with the DNSP
 - paying any upfront costs, such as the cost for testing.
- Where the large customer appointed the MC, the obligation to inform customers is not applicable because large customers would not need to inform themselves. In practice, we understand that MCs inform large customers about the site visit, similar to how retailers would inform their customers above.

42 See NER chapter 7 Part D and Schedule 7.6.1.

43 AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, 4 December 2025.

44 EUAA, submission to the consultation paper, pp. 1, 6.

45 EUAA, submission to the consultation paper, p. 3.

46 Clause 7.6.2A (b)(2) of the draft rule.

- The person who appointed the MC must facilitate access to the metering installation on the date of the supply interruption agreed with the MC.⁴⁷ If the person who appointed the MC is a:
 - retailer, the retailer must provide assistance to the MC to access the site when required. This could take the form of working with the customer to ensure the customer is ready and communicating with the MC ahead of the site visit.
 - large customer, the large customer must provide access to the MP on the date of the supply interruption agreed with the MC. Non-compliant large customer metering installations have a material impact on market settlement and billing. Our draft rule ensures that large customers who appoint the MC, do not prevent MCs from accessing the site to test and inspect a metering installation, or repair a malfunction. We do not consider that this would result in a poor customer experience because, as explained above, the large customer would agree on the date of the supply interruption. Further, MCs would provide large customers with relevant information in a timely manner to adequately prepare the large customer for a site visit.

3.1.3 Tracking and notifying site defects to encourage resolution

To support MCs in testing and inspecting metering installations and repairing malfunctions where there is a defect at a metering installation, our draft rule would introduce requirements on MCs, retailers and large customers to send notifications on the status of site defects and key stages.

Currently, for small customers’ metering installations, retailers are responsible for managing a notification and tracking process if the MC is unable to install a meter due to a defect at the metering installation.⁴⁸ Under this process, retailers are required to inform small customers of a defect at the metering installation when an MC discovers the defect, to encourage small customers to resolve it. The process also provides MC visibility on which metering installations have defects to avoid wasted site visits for installing a meter. As part of this process, small customers are expected to inform the retailer when the defect at a metering installation has been rectified.⁴⁹

Our draft rule proposes to introduce into the NER a notification and tracking process if MCs are unable to test, inspect or repair metering installations due to a defect at the metering installation (for all customer types), which builds on and aligns with the existing small customer notification and defect tracking process under the NERR.

This process would better support customers in remediating defects at metering installations as customers are made aware of any defects, allowing MCs to test and inspect metering installations or repair malfunctions. Steps one to seven below outline how this notification process would work in practice.

Table 3.1: Step-by-step process for retailers and MCs to inform customers of defects at metering installations

Step	Description
1. MC becomes aware of a defect at a	<ul style="list-style-type: none"> • The MP arrives at the site to test and inspect the meter or repair a malfunction, and identifies a defect at a metering installation.

47 Clause 7.6.2A (b)(1) of the draft rule.

48 A defect at the metering installation is currently defined as a “defect with an end user’s housing of a metering installation or electrical wiring connected to the metering installation that means the metering installation is unable to be repaired or replaced”. NER chapter 10.

49 See NERR rule 59AAA and section 3.5.4 of the final determination of the *Accelerated deployment of smart meters* rule change for a description of the process. AEMC, Accelerating Smart Meter Deployment, Rule determination, pp. 42-44.

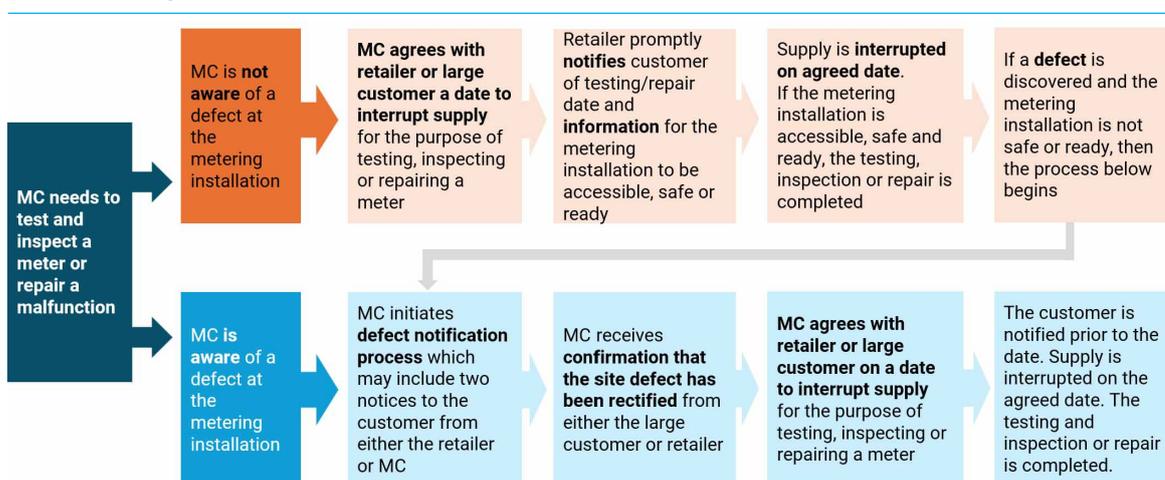
Step	Description
<p>metering installation</p>	<p>Therefore, the MP cannot test and inspect the metering installation or repair the malfunction.</p> <ul style="list-style-type: none"> The MP notifies the MC that there is a defect at a metering installation. The MC would notify the person who appointed them (retailer or large customer) of the defect and request that it be remedied. The MC may use B2B to notify the retailer or large customer of the defect and record the defect, including its nature. If the retailer appointed the MC, the retailer must then send a notice to its customer informing them of the defect and requesting the customer to remedy the defect.
<p>2. MC applies for an exemption from AEMO</p>	<ul style="list-style-type: none"> As explained in section 1.2.4, it is unlikely that a defect would be resolved and the MC can test and inspect a metering installation or repair a malfunction within the timeframes specified in the NER and within the current exemption periods in AEMO’s Exemption Procedure. Our draft rule would give MCs more time in cases where there is a defect at a metering installation and the metering installation is not safe or ready.
<p>3. MC waits for confirmation that the defect at a metering installation has been rectified and sends a second notice if it has not received confirmation</p>	<ul style="list-style-type: none"> If the MC has not received confirmation from the retailer or large customer that the defect at a metering installation has been rectified within 40 business days of issuing the first notice, the MC will send a reminder notice to that person no more than 45 business days after sending the first notice. <ul style="list-style-type: none"> If the retailer appointed the MC, the retailer must send a follow-up notice to the customer promptly after receiving the reminder notice from the MC.
<p>4. MC ensures metering installations are tested and inspected, or malfunctions are repaired, once the defect has been rectified</p>	<ul style="list-style-type: none"> Our draft rule requires the person who appointed the MC (the retailer or large customer) to promptly inform the MC of the rectification of a defect at the metering installation. If the MC receives confirmation that the defect at a metering installation has been rectified, the MC must test and inspect the metering installation, or repair the malfunction. The MC would arrange the date of the testing and inspection, or repair of a malfunction with the large customer (where relevant), as discussed in section 3.1.1.
<p>5. The process starts again if the customer at the connection point changes</p>	<ul style="list-style-type: none"> If a new customer moves into the premises part way through the above process, the new customer would not be aware of the defect at a metering installation. Hence, the notification process must start again: <ul style="list-style-type: none"> The MC would send a notice to the person who appointed it (retailer or large customer) informing them of the defect and requesting them to remedy it. If the retailer appointed the MC, the retailer must then send a notice to its customer informing them of the defect and

Step	Description
	requesting the large customer to remedy it.
6. The process starts again if the MC at a connection point changes	<ul style="list-style-type: none"> To reduce the risk that customers switch MCs to avoid having to repair a defect at a metering installation, as explained in Yurika’s rule change request, our draft rule would require the new MC at the connection point to start the notification process again.¹

Source: Draft rule 7.9A.¹Yurika, Changes to the meter testing framework for large customers rule change request, p. 8.

Figure 4.2 below illustrates how our draft rule would work in practice.

Figure 3.1: How retailers and large customers are required to cooperate and assist MCs with their obligations under our draft rule



Source: AEMC

Question 1: Obligations on retailers and large customers as the person who appointed the MC

- Do you agree that retailers and large customers should cooperate and provide reasonable assistance to MCs?
- Should the Rules clarify or include any other obligations on retailers and large customers that would support MCs with their testing, inspection and malfunction rectification obligations?

3.2 Stakeholders consider existing arrangements make it challenging for MCs to meet their testing, inspection and malfunction rectification obligations

This section outlines:

- the issues with the current arrangements that the four rule change requests outlined in their rule change requests
- stakeholder feedback to the four rule change requests, including on the identified issues and proposed solutions.

3.2.1 Stakeholders agreed that MCs find it challenging to perform their testing, inspection and malfunction rectification obligations without support from retailers and large customers

Under current arrangements, MCs must:

- test and inspect metering installations in accordance with requirements under Schedule 7.6 of the NER (see section 2.1 of the consultation paper for further details)
- repair metering installation malfunctions within specified timeframes in the NER and AEMO's Exemption Procedure where MCs obtain an exemption (see section 3.1 of the consultation paper for further details).

The four rule change requests considered that MCs require support from the retailer and large customer to meet their testing and inspection requirements, including:⁵⁰

- **obtaining access to the metering installation.** PLUS ES and AEMO suggested that MCs 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.⁵¹
- **arranging activities for meter testing, including supply interruptions.** Yurika, PLUS ES and Intellihub suggested that MCs need retailers and large customers to assist them in arranging meter maintenance activities so that MCs can comply with their testing, inspection or malfunction rectification obligations. For example, MCs typically rely on large customers to arrange supply interruptions with the DNSP to test current and voltage transformers.⁵²
- **allowing cost recovery for meter maintenance work.** PLUS ES noted that 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 considered that there is limited to no other path to recover costs for testing and inspection tasks required to meet their testing and inspection obligations.⁵³

Section 2.2.1 of the consultation paper provides further details on each of these issues where MCs require support from the retailer or large customer.

The rule change requests consider that sometimes, retailers and large customers do not provide the required support, which makes it challenging for the MCs to meet their testing and inspection requirements. This results in MCs remaining non-compliant with their testing and inspection requirements under the Rules.

The rule change requests proposed several different solutions requiring retailers and large customers to support MCs in complying with their testing and inspection requirements for large customers. These involve:

- **Informing customers of MCs' testing and inspection obligations.** Intellihub proposed requiring retailers to inform large customers of their obligations so that MCs can meet their testing and inspection requirements.⁵⁴
- **Requiring retailers to assist MCs in meeting their testing and inspection obligations within a specific time.** AEMO proposed requiring retailers to assist MCs with their testing and

50 Rule change requests: Yurika, pp. 6-7; PLUS ES, p. 2; Intellihub, p. 5; AEMO, pp. 7, 8.

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

52 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.

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

54 Intellihub, *Improving the metering installation maintenance framework* rule change request, p. 8.

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.⁵⁵

- **Using de-energisation to compel large customers to cooperate with MCs' testing and inspection obligations.** Yurika and Intellihub proposed changes to enable or require retailers to de-energise a large customer's premises if they do not cooperate with MCs so that MCs can undertake inspection and inspection in accordance with their obligations under the NER.⁵⁶
- **Regulating commercial agreements between the MC and the person who appointed the MC.** PLUS ES proposed to require 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 appendix D for stakeholder feedback and our views on this proposal.⁵⁷
- **Making retailers accountable for non-compliant metering installations.** AEMO proposed changes to how Unaccounted for Energy (UFE) is allocated among retailers so that retailers with non-compliant metering installations pay a higher proportion of UFE.⁵⁸ AEMO also proposed clarifying the definition of 'metering installation' in Chapter 10 of the NER to explicitly mean that the metering installation is compliant with testing and inspection requirements in the NER. See appendix D for stakeholder feedback and our views on this proposal.⁵⁹

Stakeholders broadly agreed MCs can face challenges in getting support from retailers and large customers to meet their testing and inspection requirements

Some stakeholders suggested that MCs may not be able to obtain support from retailers or large customers appointing MC because they have limited incentive to do so due to the cost, complexity and operational impacts of testing.⁶⁰ For example, Energy Users Association of Australia (EUAA) and PLUS ES noted that testing for large customers can cost up to \$30k and requires a supply interruption lasting up to eight hours, respectively.⁶¹

MCs noted these challenges also apply to small customers' metering installations, not only large customers as raised by the rule change requests.⁶²

EUAA viewed that issues resulting in MCs' non-compliance with their testing and inspection obligations are more complex than outlined by the four rule change requests. EUAA noted that:⁶³

- some large customers are not aware of their obligations, particularly where they are a new site owner
- communication between MCs and large customers can be poor
- there are a range of historical and bespoke metering arrangements that makes ownership and responsibilities unclear and confusing

55 AEMO, Supporting metering compliance rule change request, pp. 4,9.

56 Yurika, *Changes to the meter testing framework for large customers* rule change request, pp. 11, 13. Intellihub, *Improving the metering installation maintenance framework* rule change request, pp. 8,9.

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

58 AEMO, Supporting metering compliance rule change request, p. 7.

59 AEMO, Supporting metering compliance rule change request, pp. 4,9.

60 Submissions to the consultation paper: Bluecurrent, pp. 1, 2; PLUS ES, pp. 2, 3; Origin, p. 1; Energy Queensland, p. 4; EUAA, p. 4.

61 Submissions to the consultation paper: EUAA, 4; PLUS ES, p. 2.

62 Submissions to the consultation paper: Intellihub, p. 2; PLUS ES, p. 2; Bluecurrent, p. 1.

63 EUAA, submission to the consultation paper, pp. 1-6.

- MCs tend to not understand the nature of many large customers' operations and the need for careful long-term planning. For example, MCs requesting site access or supply interruption at short notice.

Stakeholders generally had mixed views across the four rule change requests' proposed changes

Many stakeholders supported Intellihub's proposal to require retailers to inform large customers that MCs must test and inspect metering installations.⁶⁴ Stakeholders generally viewed that:

- retailers have a role to set expectations for customers in supporting MCs to meet their testing and inspection requirements
- customers would be made aware of their role for MCs to be able to comply with their obligations
- the proposal would allow consistent messaging across retailers, minimising misunderstandings and disputes between MCs and large customers.

A few stakeholders, except PLUS ES, supported AEMO's proposal to require retailers to assist MCs in meeting their testing and inspection obligations within a specific time.⁶⁵ AGL provided conditional support of retailers playing a role in communicating to customers, depending on the type, frequency and content of the notification.⁶⁶ Energy Queensland viewed it would strengthen collaboration between retailers and MCs to ensure MCs meet testing obligations.⁶⁷ PLUS ES considered that AEMO's proposed solution would not address the core issues or resolve the practical challenges associated with testing, among other reasons.⁶⁸

Stakeholders had mixed views on Yurika and Intellihub's proposals to disconnect large customers if they fail to cooperate with MCs or ensure compliance with testing and inspection requirements under the NER:

- MCs supported the proposals as a measure of last resort, provided customers are given ample opportunity to support MCs and there are safeguards to protect their safety.⁶⁹
- EUAA and retailers opposed Yurika's proposal:
 - EUAA considered it would potentially create life-threatening circumstances and have financial impacts on large customers from lost production.⁷⁰
 - Retailers generally viewed that forced de-energisation is disproportionate to the issue and risky for business and customer safety, especially for large customers where supply continuity is crucial and disconnections are complex to implement.⁷¹ They also viewed or noted that:
 - disconnection should be strictly limited to specific circumstances, such as debt management, customer request, or safety risks
 - retailers do not control site access, metering installations, or technical compliance, and thus should not bear enforcement responsibilities for obligations outside their control.

64 Submissions to the consultation paper: EUAA, p. 5; PLUS ES, p. 8; Bluecurrent, p. 3; Mondo, p. 3; Origin, p. 4; AGL, p. 3; Stanwell, p. 3; Energy Queensland, p. 5.

65 Submissions to the consultation paper: AGL, p. 4; Energy Queensland, p. 6; Mondo, p. 3.

66 AGL, submission to the consultation paper, p. 4.

67 Energy Queensland, submission to the consultation paper, p. 6.

68 PLUS ES, submission to the consultation paper, p. 10.

69 Submissions to the consultation paper: PLUS ES, pp. 5, 7; Bluecurrent, p. 2; Mondo, p. 2.

70 EUAA, submission to the consultation paper, p. 4.

71 Submissions to the consultation paper: Origin, pp. 3, 4; AGL, pp. 3, 7; Stanwell, pp. 2, 5.

Most stakeholders opposed or had reservations on PLUS ES's proposal, broadly considering it as inappropriate, unnecessary and ineffective. Bluecurrent and all retailers noted that MCs' testing and inspection activities are often negotiated, and may simply shift compliance burdens and costs to retailers, who may lack control over key factors like site access to achieve the intended outcome.⁷² AGL also considered there may be unintended consequences, such as increasing or standardising charges from MCs.⁷³

Most stakeholders opposed AEMO's proposal of amending the current unaccounted for energy (UFE) allocation methodology. Bluecurrent and Stanwell supported the proposal in principle.⁷⁴ However, many other stakeholders argued AEMO's proposal would be unfair, ineffective and complex to impose extra UFE on retailers with non-compliant metering installations because:⁷⁵

- non-compliance does not always mean the metering installation is contributing to UFE
- it would not create appropriate incentives or consequences on large customers to comply with meter testing obligations
- it could materially increase settlement volatility for retailers and create unpredictable financial exposure.

3.3 We consider that the person who appoints the MC should support the MC to not only test and inspect metering installations, but also repair malfunctions

This section outlines our assessment of all the issues raised in the four rule change requests.

3.3.1 Greater cooperation and assistance from retailers and large customers would improve the number of metering installations being tested and inspected, and malfunctions being repaired in a timely manner

The Commission recognises that it is important for more meters to be tested and inspected in a timely manner.

We acknowledge that it can be challenging for MCs to test and inspect meters where the site is not accessible, safe or ready for testing and inspection. Before a meter can be tested and inspected:

- the site must be accessible
- there must be a supply interruption on the date of the test, and
- there should be no defect at a metering installation.

Of the solutions proposed in the rule change requests, we consider proposals that place a direct obligation on the retailers or large customers who appointed the MC to help to resolve these issues to be more appropriate. This is compared to the proposals that sought to introduce incentive mechanisms for retailers and large customers. For example, AEMO's proposal to change the allocation of UFE to encourage retailers to ensure metering installations are compliant with the NER, and Yurika and Intellihub's proposal to de-energise large customers if they do not cooperate with MCs in meeting their obligations. We explain in detail below why alternative proposals are not suitable.

72 Submissions to the consultation paper: Bluecurrent, p. 3; AGL, pp. 3, 9; Stanwell, p. 2; Energy Queensland, p. 5; Red/Lumo, p. 2; Origin, p. 4.

73 AGL, submission to the consultation paper, p. 9.

74 Submissions to the consultation paper: Intellihub, pp. 2,3; Stanwell, pp. 3, 5.

75 Submissions to the consultation paper: EUAA, p. 3; PLUS ES, p. 11; Mondo, p. 3; Origin, p. 5; AGL, pp. 4, 11; Energy Queensland p. 6; Red/Lumo, p. 2.

We consider that no single rule change request that recommends direct obligations on retailers or large customers who appointed the MC would support MCs to resolve all issues. Hence, the obligations on retailers and large customers, as the persons who appointed the MC, under our draft rule represent a combination of proposals from the rule change requests.

Direct obligations on retailers or large customers who appointed the MC would clarify their role in assisting MCs. Direct obligations would also provide MCs with greater certainty that they will receive the assistance and cooperation they need.

Although the rule change proposals were raised in respect of supporting MCs to test and inspect meters, after considering stakeholder feedback to the consultation paper, we believe the issues preventing MCs from testing and inspecting meters are similar to those preventing MCs from repairing malfunctions. Hence, our draft rule requires retailers or customers who appointed the MC to support MCs not only in testing and inspecting meters, but also in repairing malfunctions.

We consider that MCs, with the assistance of the retailer or large customer who appointed the MC, would be better able to resolve challenges and increase the number of meters that are tested, inspected, and repaired in a timely manner. We recognise this obligation would result in costs for retailers, however, we note that retailers already have systems and processes in place to engage with customers, and would be best placed for this form of obligation.

4 Providing MCs with greater flexibility to repair, test and inspect meters

This chapter sets out the Commission’s draft rule and rationale to:

1. Amend the existing malfunctions exemption framework—enabling MCs to apply to AEMO for an exemption that has a longer time period than the exemption period specified in AEMO’s existing Exemption Procedure (section 4.1).
2. Introduce an exemption framework for MCs’ testing and inspection obligations—enabling MCs to apply to AEMO for an exemption where the metering installation is not accessible, safe or ready to be tested or inspected (section 4.2).

Box 2 provides an overview of these changes under our draft rule.

Box 2: Exemptions for MCs to test and inspect metering installations and repair malfunctions within specified timeframes

In addition to support from retailers or large customers (see chapter 3), MCs may require additional flexibility to meet the specified timeframes in the NER in certain circumstances.

Where a metering installation is not accessible, safe or ready for an MC to repair a malfunction, our draft rule would enable MCs to apply to AEMO for an exemption. This means our draft rule would specify two types of exemptions:

- A new exemption for specific circumstances outside MCs’ control, the end date of which would be determined by AEMO on a case by case basis in accordance with the Exemption Procedure. MCs can apply for this type of exemption where a metering installation is not:
 - accessible eg, where the MC is unable to access the premises or metering installation because the metering installation is behind a locked gate
 - safe or ready for the MC to repair a malfunction eg, where there is a defect at the metering installation, such as asbestos.
- The existing exemption, where the metering installation is accessible, safe and ready but there are other issues, will continue to apply for other circumstances and is set out in AEMO’s Exemption Procedure (allowing an exemption with a period of 15 business days for individual failures and 70 business days for family failures).

As per the existing requirement, MCs would be required to include a rectification plan in their exemption application to AEMO.

Similarly, our draft rule would enable MCs to apply to AEMO for an exemption to the testing and inspection timeframes in the NER or their asset management strategy (as applicable). The draft rule would enable this by introducing an exemption framework for testing and inspections of metering installations, similar to the framework outlined above for malfunctions. MCs would be required to include a testing and inspection plan in their exemption application to AEMO.

AEMO must update its existing exemptions procedure, and/or develop an additional exemptions procedure, to reflect these changes to the NER and provide additional guidance as to how the new exemption frameworks would work.

4.1 Amending the exemption framework for repairing malfunctions within specified timeframes in the NER

As noted in section 3.3 of the consultation paper, Intellihub’s rule change request proposed changes to the malfunctions exemption framework.⁷⁶

This chapter outlines:

- our draft rule on the malfunctions exemption framework (section 4.1.1)
- the issue with the current arrangements Intellihub outlined in its rule change request and stakeholder feedback on Intellihub’s proposal (section 4.1.2)
- our assessment of the issues raised in Intellihub’s rule change request and submissions to the consultation paper (section 4.1.3)
- our rationale behind the draft rule (section 4.1.4).

4.1.1 Our draft rule would provide MCs more flexibility to repair malfunctions

Our draft rule would introduce greater flexibility over the length of time MCs may be exempt from their obligation to repair malfunctions within timeframes in the NER (exemption period). MCs would be afforded this flexibility, giving them more time to try to repair a malfunction, where a metering installation is not accessible, safe or ready for an MC to repair a malfunction. This means that under our draft rule, there would be two types of exemptions, as described in Table 4.1.

Table 4.1: Our draft rule would clarify two types of exemptions

Exemption type	Applicable situations	When the exemption would end
Exemption for specific circumstances outside MCs’ control ¹	Where the metering installation is not: <ul style="list-style-type: none"> • accessible eg, where the MC is unable to access the site or metering installation because the metering installation is behind a locked gate • safe or ready for the MC to repair a malfunction eg, where there is a defect at a metering installation. 	On a date AEMO considers appropriate for the MC’s circumstances, determined by AEMO on a case by case basis in accordance with the procedures.
Exemptions for other circumstances (the existing framework) ²	Other situations where MCs are unable to repair malfunctions within the specified timeframes in the NER eg, where MCs need more time to repair a family failure due to its size.	After the standard period of time specified in AEMO’s malfunction Exemption Procedure (after the exemption period of 15 business days for individual failures and 70 business days for family failures).

Source: ¹Clause 7.8.10(b1)(2)(i) of the draft rule; ²See draft clause 7.8.10(b1)(2)(ii), existing clause 7.8.10(b) of the NER and AEMO, Exemption Procedure, p. 7.

Enabling MCs to apply for an exemption where a metering installation is not accessible, safe or ready, would be complementary to our proposed obligations on retailers and large customers, discussed in chapter 3. This is because, in practice, we would expect MCs to apply for this

⁷⁶ AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, 4 December 2025.

exemption only if they are unable to meet the timeframes specified in the NER with the support of the retailer or large customer.

Consistent with existing arrangements, MCs must provide AEMO with a rectification plan when applying for an exemption.⁷⁷ We expect a rectification plan to explain why MCs were unable to meet the timeframes, including whether the:

- metering installation is not accessible, safe or ready for the MC to repair the malfunction
- MC requested any support from the party that appointed the MC (generally, this would be the retailer or large customer) and how this person assisted or is assisting the MC.

AEMO's Exemption Procedure⁷⁸ would outline what should be included in a rectification plan. Other information we expect MCs to include in the rectification plan is outlined in the Box 3 below.

Box 3: Information MCs could provide in a rectification plan

Particularly for an exemption that has a longer time period, we expect AEMO to specify in its Exemption Procedure that a rectification plan must include:

- how the MC has attempted to repair the malfunction, including what support the MC has received from the retailer or large customer as per their obligation under our draft rule
- what steps the MC will take to repair the malfunction within the exemption period
- any other information for AEMO to determine when the exemption should expire.

AEMO would retain discretion around what MCs must include in a rectification plan. It would not be specified in the Rules.

Based on the information and MCs' rationale in these rectification plans, AEMO would determine the appropriate date on which it would revoke an exemption or the length of an exemption period.⁷⁹ For example, a rectification plan could specify a date the retailer or large customer has agreed to facilitate access to a customer's premises. AEMO would grant an exemption for a period up until that date if AEMO is satisfied that the MC could not have repaired the malfunction before that date.

AEMO's Exemption Procedure must outline the process under which AEMO may vary or revoke an exemption.⁸⁰

This is different to existing arrangements, where the length of exemption periods are already specified and fixed under AEMO's Exemption Procedure for all MCs.⁸¹ The draft rule seeks to enable flexibility in the length of an MC's exemption period or the timing of its end, depending on the specific circumstances associated with site issues that prevent the MP from repairing a malfunction.

Figure 4.1 below shows a high-level overview of the malfunctions exemption process under our draft rule.

77 Clause 7.8.10(c) of the NER.

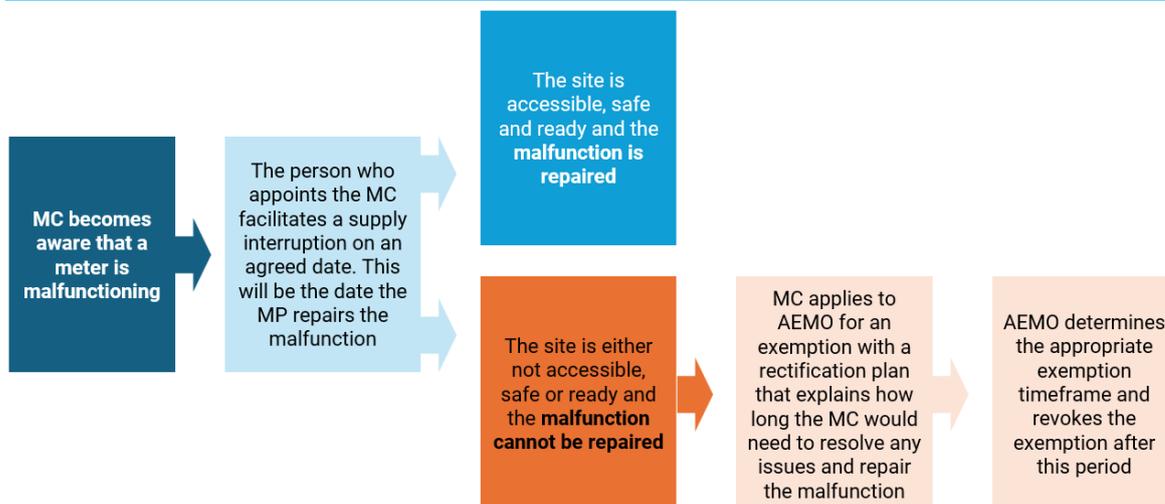
78 AEMO's existing malfunction Exemption Procedure is available here: https://www.aemo.com.au/-/media/files/electricity/nem/retail_and_metering/market_settlement_and_transfer_solutions/2025/exemption-procedure-meter-installation-malfunctions-v14.pdf

79 Clause 7.8.10(b1)(2)(i) of the draft rule.

80 Clause 7.8.10(b1)(1) of the draft NER.

81 AEMO, Exemption Procedure, p. 7.

Figure 4.1: The malfunctions exemption process under the draft rule



Source: AEMC

4.1.2 Stakeholders considered MCs need more time to repair malfunctions in several circumstances

Currently, where MCs are unable to repair a malfunction within specified timeframes in the NER, they may seek more time to repair them by applying to AEMO for an exemption.

AEMO's current Exemption Procedure specifies the length of exemption being:

- 15 business days to repair an individual malfunctioning meter
- 70 business days to repair a family failure.⁸²

MCs can only apply for a further extension in limited circumstances.⁸³

This means that if MCs obtain an exemption, they would have a maximum of a total of 30 business days to repair an individual failure and 140 business days to repair a family failure under the NER and AEMO's current Exemption Procedure.

Intellihub's rule change request suggested that the maximum timeframes are insufficient to repair malfunctions

Intellihub's rule change request suggests that the exemption timeframes under AEMO's Exemption Procedure may not provide MCs with sufficient time to repair malfunctions where:⁸⁴

- 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.

⁸² A 'family failure' is a family or group of meters with a common characteristic, such as the same manufacturer or the same type or model of the meter, that is deemed as malfunctioning. A family is deemed as malfunctioning if it fails sample testing in accordance with AEMO's Metrology Procedure.

⁸³ Under AEMO's current Exemption Procedure, MCs may only apply to AEMO for an extension to an exemption for a metering installation malfunction that comprises instrument transformers, and where rectification of the malfunction requires the replacement of one or more instrument transformers. AEMO, [Exemption Procedure](#) Version 1.4, p. 10.

⁸⁴ Intellihub, Improving the metering installation maintenance framework rule change request, pp. 6-7.

- Malfunctions are a family failure. A family failure could have a significant volume of meters that need to be rectified, or multiple families failing at the same time. This would make it challenging for MCs to meet the specified timeframes.

As outlined in the consultation paper, Intellihub proposed changes to the NER that would enable MCs to have more time to rectify malfunctions in the circumstances above.⁸⁵

Stakeholders agree there are certain circumstances where metering installations cannot be repaired within timeframes specified in the NER and/or AEMO’s Exemption Procedure

In submissions to the consultation paper, stakeholders broadly agreed that MCs may not be able to repair malfunctions within the specified timeframes in the AER and/or AEMO’s Exemption Procedure, where there are site access or defect issues.⁸⁶ Energy Queensland and Mondo also agreed that family failures can also make it challenging for MCs as family failures can require large volumes of meters to be replaced.⁸⁷

PLUS ES and Energy Queensland also mentioned that supply chain issues can add challenges for MCs. For example, difficulty or length of sourcing metering components due to stock availability and delivery times.⁸⁸

AEMO considered the exemption timeframe for family failures specified in its Exemption Procedure to be reasonably sufficient. This is because MCs can determine the size of a family, and should only commit to testing it once the MC is confident the family failure can be repaired within the timeframes in the NER and AEMO’s Exemption Procedure. AEMO also noted that:⁸⁹

- the exemption timeframe should reasonably be sufficient to address matters within the MC’s direct control that might inhibit malfunction rectification within the 70 business day requirement, such as procurement, logistics, and workforce mobilisation issues
- any need for further extensions is more likely to indicate either a planning failure or the presence of access-related barriers that MCs can resolve alone.

Stakeholders, except AEMO, supported Intellihub’s proposal to require AEMO to consider providing MCs more time to repair malfunctions

All stakeholders who provided feedback to Intellihub’s proposal supported it, except AEMO. These stakeholders viewed that Intellihub’s proposed changes would better accommodate or allow for discretion in circumstances in which MCs cannot reasonably meet the specified timeframes due to factors out of MCs’ control.⁹⁰

AEMO opposed Intellihub’s proposed changes as it considered:⁹¹

- extending exemption periods, or providing additional discretionary or ongoing extensions, would not be an appropriate or effective response for scenarios outside MCs’ control, such as dependency on the customer to cooperate, provide site access or rectify a defect at a metering installation

85 AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, 4 December 2025, p. 26.

86 Submissions to the consultation paper: AEMO, p. 1; PLUS ES, pp. 12, 13; Mondo, p. 2; Bluecurrent, pp. 4,5; AGL, pp. 12; Red/Lumo, p. 2; Energy Queensland, p. 7.

87 Submissions to the consultation paper: Energy Queensland; pp. 12, 13; Mondo, p. 2.

88 Submissions to the consultation paper: Energy Queensland, p. 7; PLUS ES, pp. 12, 13.

89 AEMO, submission to the consultation paper, p. 1.

90 Submissions to the consultation paper: PLUS ES, pp. 13, 14; AGL, pp. 1, 4, 12; Bluecurrent, p. 5; Energy Queensland, pp. 7, 8; Red/Lumo, p. 2; Origin, p. 4.

91 AEMO, submission to the consultation paper, p. 1.

- MCs should be able to comply with the malfunction rectification timeframes in the NER and AEMO's Exemption Procedure in these scenarios outside MCs' control with support from retailers or large customers. As such, AEMO's rule change request proposed changes that would make FRMPs share accountability and consequences for non-compliance alongside MCs.

4.1.3 We agree MCs would need more time to repair malfunctions when they cannot access the metering installation or there is a defect at a metering installation

Of the circumstances identified by stakeholders, we consider that MCs may need more time beyond the timeframes in the NER and AEMO's Exemption Procedure to repair malfunctions, with support from retailers or large customers, where there is a defect at a metering installation or difficulty accessing it. However, we do not agree that MCs need more time to manage supply chain issues or repair family failures due to their size.

We consider MCs may need more time to rectify malfunctions where there are defects at, or issues with access to, a metering installation

From the [Metering review](#), we recognise that it can be challenging for MCs to repair malfunctions within the timeframes specified in the NER, where a metering installation is not accessible, ready or safe because:⁹²

- there is a defect at the metering installation
- access to the metering installation is blocked.

As the [Metering review](#) found, customers are typically responsible for remedial work. However, financial barriers are a key reason customers do not undertake remediation, as they face the upfront costs of engaging an electrical contractor, which can be significant. Further, particular groups of small customers, such as those living in social housing, those with low incomes and renters, may not be in a position to readily remediate or able to have the property owner to remediate the defect at a metering installation. Metering parties or retailers also cannot require or undertake remediation without customers' consent.⁹³ This means that, despite support from the retailer or large customer, an MC may not be able to repair a malfunction in accordance with the NER until the customer rectifies the defect at a metering installation. A new customer at the premises may be willing and able to resolve site issues. However, this may not always be the case.

The [Metering review](#) also found that for some sites, especially multiple-occupancy dwellings (eg, apartments), MCs may need DNSPs or landlords to provide keys to access locked sites or meter rooms.⁹⁴ As Intellihub's rule change request noted, the customer may only be willing to provide the MP access to the metering installation on a date that is beyond the exemption period specified by AEMO.

We disagree MCs need more time to manage supply chain issues or the size of family failures

We acknowledge concerns from PLUS ES, Mondo and Energy Queensland about:

- family failures having a significant volume of meters or multiple families malfunctioning at the same time
- potentially lengthy lead times it takes for MCs to source metering components.

92 AEMC, [Metering review final report](#), pp. 12, 89,90

93 Ibid.

94 AEMC, [Metering review final report](#), p. 12.

In our [Metering review](#), AEMO indicated that as of August 2021, nearly 349,000 malfunctioning meters had been granted exemptions under AEMO’s metering installation malfunction exemption framework. Out of these meters, nearly 246,000 meters were family failures of legacy meters identified through the sample testing process.⁹⁵

Considering discussions with MCs and AEMO, and the final rule of the *Accelerating smart meters* rule change, we believe MCs can effectively manage these issues to meet the specified rectification timeframes in the NER and AEMO’s Exemption Procedure:

- **Smaller or limited family failures of legacy (Type 5 and 6) meters:** From the [Metering review](#), we acknowledge family failures were typically legacy meters owned and tested by DNSPs, where some family failure fleets could be unpredictable, substantial and inconsistent.⁹⁶ We no longer anticipate this to be the case following the final of the *Accelerating smart meters* rule change because:
 - MCs are exempt from testing legacy meters during the accelerated deployment of smart meters, which will last until 1 December 2030. This means MCs should not anticipate family failures of legacy meters until 2030
 - legacy meters will be progressively replaced with smart meters across the NEM by 2030. This means that after 2030, the size and occurrence of family failures of legacy meters should be smaller and less frequent, and the rectification timeframes should suffice. If this is not the case after 2030, AEMO may consider amending exemption timeframes for family failures.
- **Controlling the number of smart meters in a family failure:** Unlike for family failures of legacy meters, MCs have control over the size and make-up of family failures of smart meters in the NEM, except Victoria. AEMO’s Metrology Procedure currently sets a limit of 35,000 meters within a family. If a family of this size failed, it would reasonably add pressure to MCs’ ability to rectify the failure. However, MCs can make smaller families or sub-families by breaking up a family into smaller groups with similar characteristics. For example, breaking up a family of meters that have common errors or meters that were installed in a particular year (eg, installed in 2026) into smaller families of meters installed in particular months (eg, installed in January, February, March etc.). We understand exemption timeframes in AEMO’s Exemption Procedure can be reset if MCs redefine or change the composition of a family failure.⁹⁷ This would allow MCs to better manage the size of family failures and how family failures can be replaced or repaired within the specified timeframes in the NER and AEMO’s Exemption Procedure. While smaller families would involve higher testing costs due to more sample testing, we consider it important to prioritise data accuracy and reduce risk to customer billing and market settlement. This is opposed to lower testing costs, which would be passed onto consumers, but a higher risk of prolonging malfunctions and inaccuracy in metering data. We also note that we have not received evidence or data on family failures of smart meters to support the claim that the rectification timeframes for family failures under the NER and AEMO’s Exemption Procedure are insufficient.
- **Managing the number of families potentially failing at the same time:** The Rules do not prohibit MCs from staggering when families are tested, so long as they are tested periodically in accordance with the Rules and AEMO’s Metrology Procedure. This means MCs can time the

95 AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, p. 86.

96 Following AEMC’s [Expanding competition in metering and related services rule change](#) MCs were made responsible for metering services. This made DNSPs responsible for legacy meters and contestable MCs responsible for smart meters in the NEM except Victoria. In Victoria, DNSPs are responsible for metering services. AEMC, Metering review draft report, pp. 86,87.

97 AEMO, [Metrology Procedure Part C](#), pp. 15, 16.

testing of each family, so families do not fail at the same time or at a time that is unmanageable to repair. Further, AEMO's Metrology Procedure Part C, which was recently updated in December 2025, guides how MCs can create sub-families based on common characteristics of meter installs (eg, meters installed in January). If they notice failures occurring across the family, they can create a new sub-family to isolate the scale of meter replacements. The 70-business-day exemption timeframe would apply to this new sub-family.⁹⁸ This would allow MCs to better manage the number of families they must repair within specified timeframes in the NER and AEMO's Exemption Procedure.

- **Limiting and managing supply chain issues:** If meter stock and family sizes are managed appropriately, and sub-families are used, the scale of supply chain issues should be limited eg, MCs may only need to hold 10,000 spare meters in stock, instead of 35,000 meters if a full family needs to be replaced. Further, MCs are able to manage supply chain issues by:
 - ordering and keeping stock well in advance of testing a family to determine if there is family failure
 - ensuring there is enough stock on hand at the time of testing so that MCs are able to meet the malfunction rectification timeframes.

As such, our draft rule does not introduce an exemption intended for circumstances where:

- MCs are unable to procure metering components required to repair malfunctions
- MCs must repair large families or multiple family failures.

We encourage AEMO and MCs to work collaboratively and closely together during the testing process, including re-testing and re-defining family groups to sub-families, so that MCs can meet the specified timeframes in the NER and AEMO's Exemption Procedure.

Question 2: Circumstances where MCs may apply for an exemption with a longer period than specified in AEMO's Exemption Procedure

- Do you agree that it is appropriate to allow MCs to apply for an exemption with a longer period than that specified in malfunctions AEMO's Exemption Procedure, only in circumstances where a metering installation is not accessible, ready, or safe?
- Do you agree MCs can effectively manage the size and number of family failures so they can be replaced within the specified timeframes in the NER and AEMO's Exemption Procedure?
 - If not, why and how can the Rules ensure family failures are repaired or replaced in a timely manner while balancing risk to inaccuracy in market settlement and customer billing from delayed meter repair or replacement? For example, allowing MCs to obtain an exemption for family failures that have a volume of meters over a certain threshold.
- Does the draft rule appropriately balance reducing MC non-compliance with the Rules and the risk of greater meter inaccuracy from exempting malfunctioning meters? Do you agree the balance adopted in the draft rule would be in the long-term interest of consumers?
- Are there any other circumstances where MCs may need more time to repair a malfunction that the Commission should consider?

⁹⁸ AEMO, [Metrology Procedure Part C](#), pp. 23,44.

4.1.4 **Our draft rule would appropriately balance MCs' non-compliance risk and the risk of malfunctions never being repaired**

Enabling MCs to apply for an exemption would mitigate the risk of MCs being penalised for issues outside their control

The Commission considers that MCs should not be penalised for non-compliance due to circumstances beyond their control. That is, for not being able to repair malfunctions within specified timeframes in the NER where there is a defect at the metering installation, or MPs cannot access the premises, despite MCs making sufficient efforts to meet their obligations. The Commission views that enabling MCs to apply for an exemption with a longer period than those specified in AEMO's Exemption Procedure would:

- give MCs more time to repair malfunctions with the support of retailers or large customers
- mitigate MCs being penalised for these site issues outside their control.

Allowing AEMO discretion to revoke an exemption would minimise administrative costs and the risk of indefinite exemptions

The Commission views that allowing AEMO to have discretion and flexibility as to when to revoke an exemption (flexibility on the exemption period) which is granted where a metering installation is not accessible, safe or ready, would reduce the administrative costs for MCs and AEMO of applying and processing possibly multiple extensions to an exemption. This is because not all circumstances involving a lack of site access or a defect at a metering installation are the same, so there is likely no single timeframe that covers all circumstances without requiring multiple extensions. For example, 'Customer A' may take longer to rectify a defect at a metering installation than 'Customer B'. This means the MC would need a longer exemption for 'Customer A' than for 'Customer B', as the MP can only repair a malfunction once the defect at the metering installation is rectified and the metering installation is ready and safe.

Importantly, our draft rule would encourage MCs to continue trying to resolve site issues that prevent them from repairing malfunctions. It does not exempt MCs from repairing them indefinitely, minimising the risk that meters will never get repaired. This is because, for the MC to obtain and retain an exemption with a longer period from our draft rule, we expect MCs to demonstrate to AEMO ongoing effort and a plan to repair a malfunction. AEMO may consider revoking the MC's exemption where AEMO does not observe, or no longer observes, reasonable efforts from the MCs.

AEMO may provide guidance on the grounds or conditions on which it may revoke an exemption.

4.2 **Introducing an exemption framework for testing and inspection requirements**

This section outlines:

- our draft rule on an exemption framework for testing and inspection (section 4.2.1)
- stakeholder feedback to Yurika's change request (section 4.2.2)
- our rationale behind the draft rule (section 4.2.3).

4.2.1 **Providing MCs more flexibility to test and inspect metering installations**

Our draft rule would introduce an exemption framework for testing and inspection timeframes specified in Schedule 7.6.1 of the NER or the MC's asset management strategy (as applicable). MCs may apply to AEMO for an exemption only in limited circumstances where a premises is not

accessible eg, where the MC is unable to access the site or metering installation because the metering installation is behind a locked gate safe or ready for the MC to repair a malfunction eg, where there is a defect at a metering installation.⁹⁹

As the underlying issues are the same as with the malfunctions framework, our draft rule includes a similar exemption framework for MCs' testing and inspection obligations.

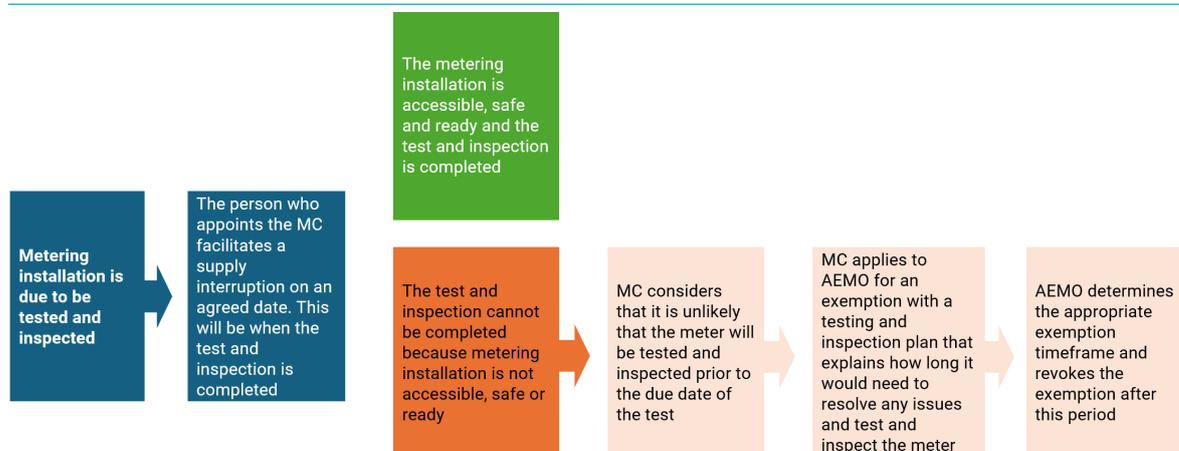
Figure 4.2 provides a high-level overview of the proposed exemption process.

Our draft rule would require MCs to provide AEMO with a proposed schedule for testing and inspection as part of their application.¹⁰⁰ This would be consistent with the existing malfunctions process, which requires MCs to provide AEMO with a rectification plan at the time of applying for an exemption.

AEMO's Exemption Procedure will include guidance on what should be included in a testing and inspection plan. While AEMO has full discretion on the form of this guidance, it could include:

- how the MC has attempted to test and inspect the metering installation, including what support the MCs has received from the retailer or large customer, as required under our draft rule (see chapter 3)
- what steps the MC will take to test and inspect the metering installation within the exemption period.

Figure 4.2: The proposed testing and inspection exemption process under the draft rule



Source: AEMC

Question 3: Circumstances where MCs may apply for an exemption to testing and inspection timeframes in the NER

- Where a metering installation is not accessible, safe, or ready, do you consider MCs may require an exemption to both testing and inspection timeframes in the NER, or only for testing?
- Do you agree that it is appropriate to allow MCs to apply for an exemption to testing and inspection timeframes specified in Schedule 7.6.1 of the NER or their asset management

⁹⁹ Clause 7.9.1(m) of the draft rule.

¹⁰⁰ Clause 7.9.1(p)(2) of the draft rule.

strategy (as applicable), only in circumstances where a metering installation is not accessible, ready, or safe?

- Are there any other circumstances where MCs may need more time to test and inspect metering installations that the Commission should consider?

4.2.2 Some stakeholders considered MCs' testing and inspection obligation should be more flexible

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

Yurika's rule change request raised that MCs may not be able to meet their testing and inspection obligations without support from FRMPs

As discussed in section 2.2 of the consultation paper, Yurika and the other rule change proponents highlighted that it can be challenging for MCs secure support from retailers and large customers (FRMPs) to meet their testing and inspection requirements. The rule change requests raise MC's need support for:

- accessing a metering installation
- arranging activities for meter testing, including supply interruptions
- payment for meter maintenance work.

The proponents raise these circumstances outside their control risks MCs becoming non-compliant with their obligations.¹⁰¹

To address MCs' non-compliance risk, Yurika's rule change request proposed amending MCs' testing responsibility in the NER from an absolute to a best endeavours obligation, as outlined in the consultation paper.¹⁰² Yurika viewed this would:¹⁰³

- recognise MCs require support from large customers to fulfil their obligations
- 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.

A couple of stakeholders supported Yurika's rule change proposal to amend MCs' testing responsibility in the NER to a best endeavours obligation

AGL and Energy Queensland supported Yurika's proposed changes. AGL considered it would be a sensible approach as it viewed MCs' testing and inspection requirements as strict and unachievable.¹⁰⁴ Energy Queensland indicated support as it acknowledged that Yurika's other proposal of de-energising a large customer's premises as an enforcement measure may not be an appropriate solution in circumstances, for example, where the large customer provides essential services.¹⁰⁵ No submission to the consultation paper explicitly opposed Yurika's proposal.

¹⁰¹ AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, 4 December 2025.

¹⁰² AEMC, Supporting compliance with meter maintenance obligations, Consultation paper, p. 12.

¹⁰³ Yurika, rule change request, pp. 14, 15.

¹⁰⁴ AGL, submission to the consultation paper, p. 7.

¹⁰⁵ Energy Queensland, submission to the consultation paper, p. 7.

4.2.3 An exemption framework with support from retailers and large customers is more preferable to Yurika's proposal on a 'best endeavours' obligation

While Yurika's proposal would reduce MCs' non-compliance risk where customers do not cooperate to resolve site issues, we consider this approach would likely have unintended consequences, including:

- weakening MCs' obligation
- discouraging MCs from trying to resolve challenges to testing and inspection, including seeking support from the retailer or large customer.

Our draft rule would maintain MCs' incentives to seek assistance from the party that appointed the MC and meet their testing and inspection obligations. This is by:

- helping MCs to secure support from the party that appointed the MC to meet testing and inspection obligations¹⁰⁶
- requiring MCs to provide AEMO with a testing and inspection plan when requesting an exemption, which would provide transparency to AEMO on how MCs are maintaining efforts to test and inspect a metering installation¹⁰⁷
- allowing AEMO to revoke an exemption where it considers appropriate, which would prevent exemptions from being ongoing without a clear rationale from the MC.¹⁰⁸

Consistent with our draft changes to the exemption framework for malfunctions, we consider it important that the Rules recognise that MCs may not be able to meet their testing and inspection obligations where there are site access issues, despite seeking support from the party that appointed the MC to resolve them.

Enabling AEMO to determine the appropriate timeframe for the exemption on a case-by-case basis, rather than applying a standard timeframe in an exemption procedure, would support lower administrative costs on MCs and AEMO. This is because it would be unlikely that AEMO and MCs would need to complete additional administrative processes to extend the exemption timeframe.

Our draft rule would impose implementation costs for AEMO to establish and administer an exemption framework for testing and inspection requirements. We consider these costs to be:

- low because they build on an existing exemption framework
- appropriate to:
 - ensure MCs continue to try to test and inspect metering installation in accordance with the NER, supporting accuracy in customer billing and market settlement
 - mitigate MCs being penalised for non-compliance with their obligations due to site issues outside their control to resolve.

¹⁰⁶ Clause 7.6.2A of the draft rule, as discussed in section 4.1.1.

¹⁰⁷ Clause 7.9.1(p)(2) of the draft rule.

¹⁰⁸ Clause 7.9.1(q) of the draft rule.

5 Ensuring available test certificates are accessible for newly appointed MCs

Box 4: Requirements on previous MCs appointed to a connection point

Our draft rule requires the previous MC appointed to a connection point to ensure that the test certificates for a metering installation, where available, are accessible to the new MC at a connection point within 10 business days upon the new MC's request.

5.1 Requiring MCs to ensure test certificates are accessible for newly appointed MCs

If a FRMP appoints a new MC at a connection point, our draft rule requires the previous MC at that connection point to ensure the test certificates (provided on purchase of a metering installation)¹⁰⁹ are available for the new MC within 10 business days upon the new MC's request.¹¹⁰

In practice, this would mean MCs have flexibility to determine the most efficient or cheapest way to make test certificates for metering installations that are available accessible to new MCs. For example, sharing copies of test certificates via email or business-to-business (B2B) communications, or incorporating copies of testing certificates in a future Market Settlement and Transfer Solutions (MSATS) upgrade, or if the industry develops another platform to automate sharing testing certificates at lower cost, they can opt to do that.

5.1.1 The current process for obtaining test certificates for HV voltage or current transformers (VT or CT) is inefficient and costly

When the equipment in a metering installation is tested for accuracy upon purchase, MCs obtain a test certificate.¹¹¹ Under current arrangements, MCs must retain a copy of this certificate as proof that a metering installation has been tested in accordance with the accuracy requirements under the NER.¹¹²

Some metering installations may not need to be tested again by a new MC appointed to a connection point until the next relevant testing time under the NER. This is if the previous MC holds an appropriate test certificate for that metering installation, which indicates the timing of the purchase-related test.

Intellihub suggested a lack of obligation on the previous MC to provide the new MC appointed to a connection point a test certificate for HV CTs and VTs causes two issues:

- Higher and unnecessary costs for meeting testing and inspection requirements. The new MCs would need to re-test a metering installation that may have already been verified as compliant with standards under the NER.

109 Schedule 7.6.1(a) of the NER.

110 Schedule 7.6.1(b1) of the draft rule.

111 NER Schedule 7.6.1(a).

112 Schedule 7.6.1(b) of the NER.

- Poorer customer experiences. It can be frustrating or confusing for large customers when MCs request and follow up with large customers to arrange testing for a metering installation that may have already been recently tested.¹¹³

Intellihub proposed 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.

Several stakeholders agreed that the current process for obtaining test certificates is inefficient, but feedback on proposed solutions was mixed

Metering parties, Energy Queensland, and some retailers (Origin and AGL) broadly agreed the process for obtaining test certificates from the previous MC can be administratively lengthy and costly.¹¹⁴

Many stakeholders who provided explicit feedback supported Intellihub’s proposal. They generally considered it would reduce unnecessary re-testing and improve efficiencies.¹¹⁵

Bluecurrent and PLUS ES raised concerns with Intellihub’s proposal:

- Bluecurrent questioned the need to share physical copies of test certificates when testing information (eg, latest test date and compliance status) is already available in MSATS.¹¹⁶
- PLUS ES considered the previous MC should only be required to provide the new MC with a test certificate if it is available and upon the new MC’s request because:¹¹⁷
 - the previous MC may not have tested the metering installation to create their own test certificate or were not able to obtain copy of a test certificate from their customer or previous MC
 - to avoid unnecessary operational costs associated with monitoring MC churn, sending the new MC test certificates or informing them that test certificates are unavailable if this is the case.

A few stakeholders suggested making test certificates available and accessible in a central register, such as MSATS.¹¹⁸

5.1.2 Making testing certificates accessible to new MCs would minimise unnecessary and duplicative costs

We understand that in practice, when new MCs are appointed to a connection point, they will often replace the existing meter at the connection point and install their own meter.¹¹⁹ However, MCs generally do not replace other components of a metering installation, including HV CTs and VTs.

This means that it would be beneficial for new MCs appointed to a connection point to have access to existing test certificates for HV CTs and VTs obtained by a previous MC for that connection point on purchase. This would avoid new MCs having to carry out additional testing in order to obtain new test certificates for these metering installation components and incur unnecessary testing costs for these components.

Intellihub’s proposed solution suggests that a previous MC would be required to share test certificates with each request from the new MC appointed to a connection point. This could

113 Intellihub, rule change request, p. 5.

114 Submissions to the consultation paper: PLUS ES, p. 5; Bluecurrent, p. 2; Mondo, p. 2; Origin, p. 3; AGL, p. 6.

115 Submissions to the consultation paper: EUAA, p. 6; Mondo, p. 3; Origin, p. 4; AGL, pp. 3-4; Stanwell, p. 3.

116 Bluecurrent, submission to the consultation paper, pp. 2-4.

117 PLUS ES, submission to the consultation paper, p. 5.

118 Submissions to the consultation paper: Stanwell, p. 3; Energy Queensland, p. 4; Origin, p. 3.

119 PLUS ES, submission to Real-time data for consumers draft determination, p. 20.

potentially be on an ad hoc basis each time the new MC seeks to find and obtain an existing test certificate for a metering installation for which it was recently appointed. Further, a metering installation could have multiple test certificates (eg, one for HV VTs and another for HV CTs). As such, Intellihub's proposed approach could pose significant administrative costs on previous MCs, particularly if the retailer or large customer regularly switches MCs and there is frequently a new MC seeking existing test certificates.¹²⁰

The cost of testing and inspecting meters to MCs and ultimately to consumers is material. Whilst we have not undertaken a formal cost-benefit analysis, we consider that in the long term, the cumulative cost savings to consumers of avoiding unnecessary meter tests would likely outweigh implementation costs (eg, system build to enable certificate transfer) and the higher regulatory burden on MCs. This because the implementation costs to MCs to share the test certificate and any short-term costs incurred to establish a sharing platform, framework or process, would likely be small.

To manage any administrative cost impacts on MCs to make test certificates accessible, our draft rule would provide MCs with the flexibility to determine the least cost way to make testing certificates accessible. We consider this approach would enable the industry to determine the most cost-effective way to share testing certificates and amend or adapt how they share and access test certificates over time as new platforms or systems are potentially being built in the future.

We agree with PLUS ES that it is important for the Rules to clarify that MCs make test certificates accessible to new MCs only upon the new MC's request and where these test certificates are available. This would avoid the unintended consequence that the previous MC:

- unnecessarily provides the new MC with test certificates where the new MC seeks to obtain its own test certificate
- would be in breach of the rules for not providing a certificate where the old MC did not have (and was not required to have) that certificate.

We acknowledge that, as Bluecurrent suggested, new MCs can access test certificate information for a metering installation in MSATS. Our draft rule provides flexibility for MCs to leverage this existing platform.

¹²⁰ Intellihub, Improving the metering installation maintenance framework rule change request, p. 9

A Rule making process

A standard rule change request includes the following stages:

- a proponent submits a rule change request
- the Commission initiates 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).

The Commission has formally consolidated four rule change requests:

- PLUS ES's compliance with metering testing requirements (ERC0419)
- AEMO's supporting metering compliance (ERC0422)
- Intellihub's Improving the metering installation maintenance framework (ERC0423/RRC0071)
- Yurika's Changes to the meter testing framework for large customers (RRC0070).

The new project name is 'Supporting compliance with meter maintenance obligations' with project code ERC0419/RRC0070.

You can find more information on the rule change process on our website.¹²¹

A.1 Intellihub proposes a rule to improve the framework around testing, inspection and malfunction repairs for electricity meters

The rule change request from Intellihub proposes amendments to the NER to improve the regulatory framework governing metering installation and maintenance, with a particular focus on enhancing how MCs meet their testing, inspection and repair obligations for meters when faced with barriers beyond the MC's control.

Intellihub's rule change request suggests there are four potential issues with the existing framework, namely:

1. Some HV customers are not supporting the metering installation maintenance requirements - some HV customers do not engage with MCs, and therefore appropriate scoping and planning cannot be done, resulting in required tests not being performed. MCs avoid forcing a supply interruption on HV customers for testing because of the impact the supply interruption causes, and the cost for the test, which usually gets passed on to the HV customer, can be substantial and therefore can cause a dispute if it wasn't pre-approved.¹²²
2. MCs are not obligated to share copies of HV VT and HV CT test certificates - Requesting HV VT or HV CT test certificates can be an inefficient administrative process due to the reliance on the goodwill of individual people, because there is no obligation to share a copy of the test certificates. Responding to a request for test certificates is not a priority for the previous MC because there is no direct benefit for the previous MC.¹²³

¹²¹ See our website for more information on the rule change process: <https://www.aemc.gov.au/our-work/changing-energy-rules>

¹²² Intellihub, rule change request, p. 5.

¹²³ Intellihub, rule change request, p. 5.

3. FRMPs are not obligated to support the metering installation maintenance process - an MC can request a FRMP to initiate the process for a supply interruption but there is no obligation on the FRMP to act on the request in a timely manner. This creates inefficiencies when the MC has to follow up with the FRMP and puts the MC at risk of non-compliance with their obligation to rectify meter malfunctions within the prescribed timeframe.¹²⁴
4. AEMO's metering installation malfunction procedure unreasonably limits the exemption period - AEMO's Exemption Procedure limits the allowable periods for an exemption and exemption extensions, even when there is an impediment that is outside of the MC's control.¹²⁵

Intellihub's rule change request proposes amending the rules to address these core issues. The rule change request proposes to:

- require retailers to inform large customers that MCs are required to test and inspect metering installations - with the intention of improving customer compliance with MC testing, inspection and repairs¹²⁶
- introduce a safeguard for cases where a large customer does not fulfil their role in assisting MCs to perform testing obligations through an exemption framework¹²⁷
- require retailers to arrange supply interruptions to assist MCs in performing testing obligations¹²⁸
- require the previous MC to provide a copy of meter test certificates.¹²⁹

Intellihub states that its proposed rule changes would contribute to both the NEO and NERO by improving:

- confidence and fairness in energy billing by improving the metering installation maintenance framework for large customers
- safety outcomes by enabling MCs to identify and rectify safety-related issues and risks sooner
- market efficiency by 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.¹³⁰

A.2 PLUS ES proposes a rule to enable MCs to comply with their testing and inspection obligations

The rule change request from PLUS ES suggests the current metering framework does not adequately support MCs in meeting their compliance obligations. PLUS ES suggested there are no commercial incentives for the party that appointed the MC (retailer or large customer) to include the meter maintenance component of the MC obligations into the commercial agreement, which opens the possibility of compliance obligations being excluded through competitive tension.¹³¹

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.¹³² The

¹²⁴ Intellihub, rule change request, p. 6.

¹²⁵ Intellihub, rule change request, p. 6.

¹²⁶ Intellihub, rule change request, p. 8.

¹²⁷ Intellihub, rule change request, p. 9.

¹²⁸ Intellihub, rule change request, p. 9.

¹²⁹ Intellihub, rule change request, pp. 9-10.

¹³⁰ Intellihub, rule change request, p. 13.

¹³¹ PLUS ES, rule change request, p.3.

¹³² PLUS ES, rule change request, p.4.

rule change request suggests 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.

PLUS ES states its proposed rule change to support MCs' compliance with HV CT/VT meter testing obligations would contribute to the NEO by:

- 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 activities¹³³
- 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 inspection¹³⁴
- 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.¹³⁵

A.3 AEMO proposes a rule to strengthen metering compliance and improve UFE allocation fairness

The rule change request from AEMO seeks to enhance the metering compliance framework for high-voltage distribution connection points by sharing accountability for metering installation compliance and revising the UFE allocation methodology to incentivise compliance.

AEMO's rule change request suggests there are several issues with the current NER, including:

- misaligned accountability - The NER gives MCs obligations they cannot always fulfil due to lack of direct access rights to the metering installation, which creates a dependency on the FRMP-customer relationship, yet there is no rule-based obligation on FRMPs to facilitate access for MC testing and inspections. This exposes MCs to civil penalties for non-compliance despite their inability to control the main barrier to compliance, and leaves FRMPs, who are better positioned to secure access, without a regulatory incentive or obligation to act¹³⁶
- ineffective incentives under UFE allocation - the current UFE allocation methodology is indifferent to compliance status with FRMPs that have a non-compliant metering installation facing no additional settlement costs relative to a fully compliant FRMP. This is despite the non-compliant meter having an increased likelihood of contributing to UFE. This undermines the "causer pays" principle and fails to incentivise the resolution of access issues.¹³⁷

AEMO proposes four changes to the NER to address these issues:

- Clarifying the definition of 'metering installation' to explicitly mean that the metering installation is compliant with testing and inspection requirements in the NER, which would

133 PLUS ES, rule change request, p. 8.

134 PLUS ES, rule change request, p.8.

135 PLUS ES, rule change request, pp.8-9.

136 AEMO, rule change request, p.7.

137 AEMO, rule change request, p. 7.

make the FRMP expressly accountable for ensuring the MC is able to carry out its obligation at the risk of civil penalties.¹³⁸

- Requiring retailers to assist MCs in meeting their testing and inspection obligations within a specific time, again encouraging FRMPs to assist in addressing meter access barriers.¹³⁹
- Changing how UFE is allocated among retailers as FRMPs, to add a financial incentive for FRMPs to address non-compliant meters.¹⁴⁰
- Requiring DNSPs to provide advance notice of planned outages, to assist MCs in coordinating their compliance activities.¹⁴¹

AEMO views that its proposed rule change would contribute to the NEO by:

- better aligning costs and obligations with parties best placed to manage them, and ensuring that metering parties are able to fulfil their obligations under the NER
- reducing UFE from metering installations being non-compliant with testing and inspection requirements
- improving pricing through lower settlement inaccuracies that affect retail pricing
- enhancing competition by preventing non-compliant participants from benefitting from an indirect cost advantage over those who invest in compliance assurance
- encouraging efficiency through ongoing investment in metering integrity and timely rectification of faulty meters and reducing risk of distorted market settlement outcomes from a high proportion of non-compliant metering installations.¹⁴²

A.4 Yurika proposes a rule to amend the HV CT/VT meter framework

The rule change request from Yurika seeks to enable retailers to energise and de-energise large customer premises to incentivise large customers to support meter maintenance activities.

Yurika suggests there are several issues with the current framework in its rule change request, namely:

- MCs lack powers under the NER to require large customers to co-operate with respect to testing obligations
- large customers can churn between MCs without holding valid test certificates that demonstrate their metering installation is compliant with NER obligations
- existing MCs of non-compliant customers are unable to terminate their appointment unless a new MC is willing to accept the role, therefore MCs may be stuck with non-compliant customers if an alternate MC is unwilling to inherit the compliance obligation.¹⁴³

Yurika's proposed solution is to enable retailers to disconnect a large customer's premises to facilitate meter testing. Yurika considers 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.

138 AEMO, rule change request, p. 9.

139 AEMO, rule change request, p.9.

140 AEMO, rule change request, p.10.

141 AEMO, rule change request, pp.9-10.

142 AEMO, rule change request, pp. 15-16.

143 Yurika, rule change request, p.5.

- 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.¹⁴⁴

Yurika suggests its proposed rule change would contribute to both the NEO and NERO 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.¹⁴⁵

A.5 The process to date

On 4 December 2025, the Commission published a notice advising of the initiation of the rule making process and consultation in respect of the rule change request.¹⁴⁶

A [consultation paper](#) identifying specific issues for consultation was also published. Submissions closed on 15 January 2026. The Commission received 13 submissions as part of the first round of consultation. The Commission considered all issues raised by stakeholders in submissions. Issues raised in submissions are discussed and responded to throughout this draft rule determination.

¹⁴⁴ Yurika, rule change request, pp. 11-13.

¹⁴⁵ Yurika, rule change request, pp. 15-16.

¹⁴⁶ This notice was published under section 95 of the NEL and 251 of the NERL.

B Legal requirements to make a rule

This appendix sets out the relevant legal requirements under the NEL for the Commission to make a draft rule determination.

B.1 Draft rule determination and draft rule

In accordance with section 99 of the NEL the Commission has made this draft rule determination for a more preferable draft electricity rule in relation to the rule change requests by Yurika, PLUS ES, AEMO and Intellihub.

The Commission's reasons for making this draft rule determination are set out in chapter 2.

A copy of the more preferable draft rule is attached to and published with this draft determination. Its key features are described in chapters 3, 4 and 5.

B.2 Power to make the draft rule

The Commission is satisfied that the more preferable draft rule falls within the subject matter about which the Commission may make rules.

The more preferable draft electricity rule falls within section 34 of the NEL as it relates to:

- the activities of persons (including Registered participants) participating in the national electricity market or involved in the operation of the national electricity system
- facilitating and supporting the provision of services to retail customers
- the regulation of persons providing metering services relating to the metering of electricity.¹⁴⁷

B.3 Commission's considerations

In assessing the rule change requests the Commission considered:

- its powers under the NEL to make the draft rule
- the rule change requests
- submissions received during first round consultation
- the Commission's analysis as to the ways in which the draft rule will or is likely to contribute to the achievement of the NEO
- the application of the draft rule to the Northern Territory (section 2.2.2).

There is no relevant Ministerial Council on Energy (MCE) statement of policy principles for this rule change request.¹⁴⁸

B.4 Civil penalty provisions and conduct provisions

The Commission cannot create new civil penalty provisions or conduct provisions. However, it may recommend to the energy ministers that new or existing provisions of the NER be classified as civil penalty provisions or conduct provisions.

¹⁴⁷ NEL sections 34(1)(a)(iii)-(iv) and 34(1)(aa), and NEL Schedule 1 item 29.

¹⁴⁸ Under s. 33 of the NEL the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for energy.

The NEL sets out a three-tier penalty structure for civil penalty provisions in the NEL and the NER.¹⁴⁹ A Decision Matrix and Concepts Table,¹⁵⁰ approved by energy ministers, provide a decision-making framework that the Commission applies, in consultation with the AER, when assessing whether to recommend that provisions of the NER should be classified as civil penalty provisions, and if so, under which tier.

Subject to consulting with the AER, the Commission proposes to make the following civil penalty recommendations to energy ministers in relation to the final rule.

Table B.1: Civil penalty provision recommendations

Provision	Description of provision	Proposed classification	Reason
New clause 7.6.2A in the NER	If a person has appointed an MC, and the MC has requested the person's reasonable assistance, so the MC can comply with its obligations to test, inspect and repair meters, the person must provide that assistance.	Classify as Tier 2 civil penalty	Failure by the person who appointed the MC to comply with this provision may prevent MCs from complying with their obligation to test and inspect metering installations, or repair malfunctions in accordance with the NER. This could cause inaccuracies in customer billing and market settlement, negatively impacting the efficient operation of energy services.
New rule 7.9A in the NER	Where there is a defect at a metering installation, the MC or retailer must provide the customer up to two notices of the defect to encourage them to rectify it, so the MC can comply with its obligations to test, inspect and repair meters.	Classify as Tier 3 civil penalty	Failure by the retailer or MC to provide customers with notices on defects at a metering installation would make it challenging for MCs to comply with their obligation to test and inspect metering installations, or repair malfunctions in accordance with the

149 Further information is available at <https://www.aemc.gov.au/regulation/energy-rules/civil-penalty-tools>

150 The Decision Matrix and Concepts Table is available at: https://web.archive.org.au/awa/20210603104757mp_/https://energyministers.gov.au/sites/prod.energycouncil/files/publications/documents/Final%20-%20Civil%20Penalties%20Decision%20Matrix%20and%20Concepts%20Table_Jan%202021.pdf

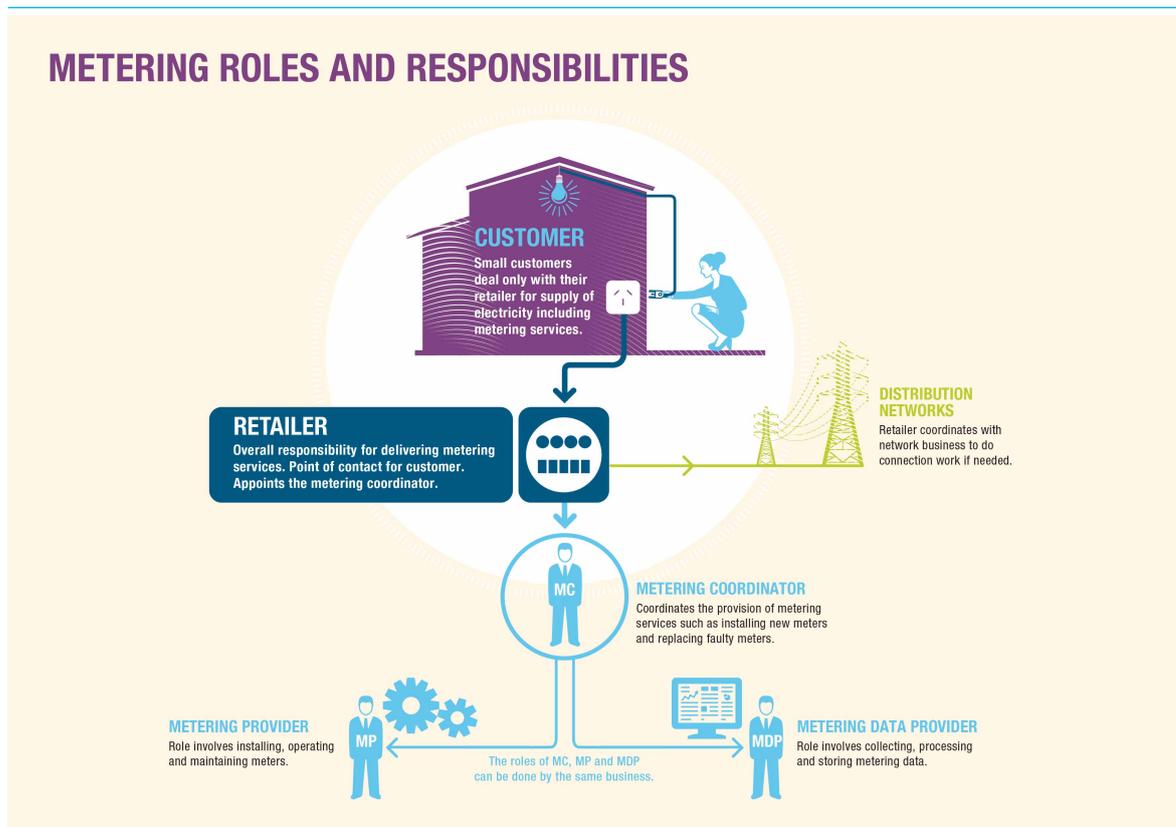
Provision	Description of provision	Proposed classification	Reason
			NER.
New clause 7.9.1(p)(2)	When requesting an exemption, the MC must provide AEMO with a proposed schedule for testing and inspection required by Schedule 7.6.1 of the NER.	Classify as a Tier 2 civil penalty	Failure by MCs to comply with this administrative requirement would reduce clarity over whether metering installations would be tested and inspected. This civil penalty would be consistent with the civil penalty tier for the existing requirement on MCs to provide AEMO with a rectification plan at the time of applying to AEMO for an exemption to malfunction rectification timeframes in the NER (clause 7.8.10(c)).

C Current arrangements

C.1 Roles and responsibilities under the regulatory framework for metering services

This appendix outlines the current roles and responsibilities of the parties involved in delivering metering services, including the retailer, DNSP, MC, MP, and Meter Data Provider (MDP).

Figure C.1: Metering roles and responsibilities



Note: In addition to the retailer, in some circumstances a large customer can also appoint an MC at a connection point. See section 2.1.1 of the consultation paper for a description of where a retailer appoints an MC and where a large customer appoints an MC.

Retailer

Under the NER, retailers are responsible for arranging metering services for small customers.¹⁵¹ Retailers must appoint an MC for each of their small or large customers' connection points.¹⁵² In general, the retailer provides instructions to the MC for any metering work needed by the customer. Retailers currently have a responsibility to notify small customers about defects at a metering installation for the purpose of installing meters. The draft rule seeks to expand this obligation to apply to large customers for the purposes of testing and inspecting metering installations, and repairing malfunctions.

MC, MP and metering data provider (MDP)

¹⁵¹ This is part of their responsibility as the FRMP.

¹⁵² Clause 7.2.1(a) of the NER. Under clause 7.6.2(a)(3), a large customer may appoint its own MC.

The MC has overall responsibility for all issues related to the metering installations for which it has been appointed. The MC appoints a metering provider for each connection point¹⁵³ to provide, install and maintain the meter installation.¹⁵⁴ The MC also appoints a metering data provider who is responsible for the collection and processing of metering data. Any person can perform one or more of these three metering roles provided that they are registered and accredited by AEMO. In practice, most MC businesses are also registered and accredited as metering providers and metering data providers. Most of the time, MCs are appointed by retailers but, in some circumstances, MCs can be appointed by large customers directly. An MC and the person who appoints them negotiate the specific arrangements independently, as metering services are a competitive market.

DNSP

The DNSP is the metering coordinator (and metering provider and meter data provider) for existing manually read meter installations, until the meter is replaced and the retailer appoints a new MC.¹⁵⁵

The DNSP may arrange supply interruptions for the purpose of planned or routine maintenance of metering equipment.¹⁵⁶

153 Other than for a connection point with a type 7 meter installed which are used for unmetered connections, for example, streetlights.

154 Clauses 7.3.2(a) and 7.8.1(c) of the NER.

155 Clause 11.86.7 of the NER.

156 As defined in Rule 88(b) and the process set out in rule 90 of the National Energy Retail Rules (NERR).

D Other proposed solutions we considered for our draft position

This appendix outlines:

- the respective proposed solutions in the four rule change requests, including stakeholder feedback to the proposed solutions
- our rationale for not progressing with some of the proposed solutions in the four rule change requests.

D.1 Our draft rule is more preferable compared to other solutions proposed by the four rule change requests

The Commission considers the draft rule would achieve the intent of the four rule change requests, balancing practical barriers, costs, and implementation considerations compared to some of the rule change proposals and would better contribute to the achievement of the NEO.¹⁵⁷

- **Requiring retailers to de-energise large customers upon an MC's request or where large customers are not cooperative.** As described in section 2.2.1.¹⁵⁸
- **Regulating commercial agreements between the MC and the person who appointed the MC.** As described in section 2.2.1.¹⁵⁹
- **Amending the current allocation of UFE.** AEMO's rule change request proposed changes to how UFE is allocated among retailers so that retailers with non-compliant metering installations pay a higher proportion of UFE. AEMO intended to make retailers accountable for non-compliant metering installations.¹⁶⁰
- **Amending the definition of 'metering installation' in the NER.** AEMO's rule change request proposed clarifying the definition of 'metering installation' in Chapter 10 of the NER to explicitly mean that the metering installation is compliant with testing and inspection requirements in the NER.¹⁶¹
- **Requiring DNSPs to coordinate with MCs on scheduled planned outages.** AEMO's rule change request proposed requiring DNSPs to provide MCs with advance notice of planned outages. This is to allow compliance work to be scheduled during those shutdowns wherever practical.¹⁶²

D.1.1 Requiring or enabling retailers to de-energise large customers if large customers do not cooperate with MC could pose negative outcomes and experiences for large customers

Metering parties supported the proposals as a measure of last resort, provided customers are given ample opportunity to support MCs and there are safeguards to protect their safety.¹⁶³ EUAA and retailers, except Red/Lumo, opposed Yurika's proposal:

¹⁵⁷ The four rule change requests seeks to: (1) support MCs in overcoming issues outside their control that prevent them from testing and inspecting metering installations and from repairing malfunctions in accordance with the NER and (2) mitigate MCs from being penalised for site issues outside their control.

¹⁵⁸ Yurika, Changes to the meter testing framework for large customers rule change request, pp. 11-14. Intellihub, Improving the metering installation maintenance framework rule change request, pp. 8-10.

¹⁵⁹ PLUS ES, Compliance with metering testing requirements rule change request, p. 4.

¹⁶⁰ AEMO, Supporting metering compliance rule change request, p. 7.

¹⁶¹ AEMO, Supporting metering compliance rule change request, pp. 4,9.

¹⁶² AEMO, Supporting metering compliance rule change request, p. 4.

¹⁶³ Submissions to the consultation paper: PLUS ES, pp. 5, 7; Bluecurrent, p. 2; Mondo, p. 2.

- EUAA considered it would potentially create life-threatening circumstances and have financial impacts on large customers from lost production.¹⁶⁴
- Retailers generally viewed that forced de-energisation is disproportionate, risky for business and customer safety, and unlikely to achieve the proposals' intent, especially for large customers where supply continuity is crucial and disconnections are complex to implement.¹⁶⁵

The Commission acknowledges that some large customers operate in sectors or facilities where operations require a continuous supply of energy or careful planning for supply interruptions (eg, public transformer or major industrial facilities).¹⁶⁶ The Commission considers de-energising large customers' premises as a consequence for not cooperating with MCs with their obligations would cause negative customer outcomes and experiences for large customers, including safety and financial impacts.

Our draft rule provides an opportunity for large customers as the person who appointed the MC to agree on a date for a supply interruption with the MC. If the retailer is the person who appointed the MC for large customers' metering installation, we expect the retailer to take into account the needs and preferences of large customers, arranging a supply interruption on a date agreed with the MC, where practicable.

D.1.2 It would be inappropriate to regulate commercial agreements between the MC and the person who appointed the MC

EUAA, Origin and Intellihub supported PLUS ES's proposal in principle.¹⁶⁷ Some stakeholders opposed it, as they generally believed that commercial agreements are appropriate for bespoke negotiation between the relevant parties, and would likely result in unintended consequences, such as increasing metering costs, reducing competition and unfairly shifting compliance risks and costs to retailers.¹⁶⁸

The Commission considers that regulating commercial agreements between the MC and the person who appointed the MC could create greater cost recovery certainty for MCs. However, it would be against current practice as the Rules do not generally regulate commercial contracts between MCs and the person who appointed the MC. There would also be significant limitations on enforcement.

As such, our draft rule does not introduce new requirements around commercial agreements between MCs and the person who appointed the MC for metering services, avoiding an adverse impact on competition.

D.1.3 Amending the current allocation of UFE would involve considerable implementation challenges

Most stakeholders opposed AEMO's proposal to amend the current UFE allocation methodology. Bluecurrent and Stanwell supported the proposal in principle.¹⁶⁹ Many other stakeholders opposed it.¹⁷⁰ They generally raised significant concerns about how AEMO's proposal would work in practice; implementation costs and complexity; its effectiveness in resolving the core issues (inaction from customers to resolve site issues) and implications for retailers. For example, Origin viewed the proposal could materially increase settlement volatility for retailers and create

¹⁶⁴ EUAA, submission to the consultation paper, p. 5.

¹⁶⁵ Submissions to the consultation paper: Origin, pp. 3, 4; AGL, pp. 3, 7; Stanwell, pp. 2, 5.

¹⁶⁶ EUAA, submission to the consultation paper, p. 4.

¹⁶⁷ Submissions to the consultation paper: EUAA, pp. 5, 6; Origin, p. 4; Bluecurrent, pp. 2, 3.

¹⁶⁸ Submissions to the consultation paper: Bluecurrent, p. 3; AGL, p. 3; Stanwell, p. 2; Energy Queensland, p. 5; Red/Lumo, p. 2.

¹⁶⁹ Submissions to the consultation paper: Intellihub, pp. 2, 3; Stanwell, pp. 3, 5.

¹⁷⁰ Submissions to the consultation paper: EUAA, p. 3; PLUS ES, p. 11; Mondo, p. 3; Origin, p. 5; AGL, pp. 4, 11; Energy Queensland, p. 6; Red/Lumo, p. 2.

unpredictable financial exposure.¹⁷¹ Energy Queensland considered the proposal may put financial burdens on retailers without creating appropriate incentive or consequences on large customers to comply with meter testing obligations.¹⁷² AGL considered it would be difficult for AEMO to measure or allocate higher UFE costs to retailers due to non-compliant metering installations, because a non-compliant metering installation does not mean it is not functioning properly.¹⁷³

The Commission considers AEMO's proposal may incentivise retailers to support MCs to arrange supply interruptions and engage with customers to resolve site issues as retailers with non-compliant metering installations pay more for UFE. However, the proposal involves considerable implementation challenges. For example, it is not clear that the share of each retailer's proportion of UFE due to non-compliant metering can be determined accurately. It is also not clear that re-allocating UFE would materially improve MCs' compliance if, as the rule change requests raised, a key reason MCs are non-compliant with their obligations is due to a lack of support from retailers and large customers for activities required for testing, such as supply interruptions.

As such, our draft rule does amend the current method of allocating UFE. This would provide regulatory certainty for retailers regarding their requirements and the consequences of non-compliance.

D.1.4 Amending the definition 'metering installation' in the NER may have unintended consequences

Most stakeholders opposed or cautioned against changing the definition of 'metering installation' in the NER to achieve the intent of AEMO's rule change request. They generally viewed AEMO's proposed changes as causing retailer and MC obligations to overlap, causing ambiguity, and that it would not resolve the practical causes or challenges that MCs face to meet their obligations.¹⁷⁴

The Commission agrees that AEMO's proposed changes would likely blur responsibilities between retailers and MCs and would not provide regulatory certainty regarding their obligations. Our draft rule seeks to clearly specify retailer obligations in requiring retailers or large customers (as applicable), as the person who appointed the MC, to cooperate and provide reasonable assistance to MCs. The Commission considers this approach would achieve the intent of AEMO's rule change request of introducing accountability on retailers or the relevant persons in supporting MCs, ensuring metering installations are compliant with requirements under NER.

D.1.5 Requiring DNSPs to provide MCs advance notice of scheduled planned outages would unlikely be effective

AEMO proposed requiring DNSPs to provide advance notice of planned outages to allow MCs to schedule testing and inspection during those planned outages, wherever practical.¹⁷⁵

Stakeholders broadly had mixed views on AEMO's proposal. Mondo, AGL and Origin supported it, as they view that the proposal would assist MCs, support coordination between DNSPs and MCs, or minimise the need for supply interruptions.¹⁷⁶ Several stakeholders were more neutral, noting several implementation considerations and concerns. For example, DNSPs and MCs would need to adequately coordinate on outage windows to manage significant safety risks and accommodate metering-related activities without creating operational conflicts.¹⁷⁷ Ausgrid

171 Origin, submission to the consultation paper, p. 5.

172 Energy Queensland, submission to the consultation paper, p. 6.

173 AGL, submission to the consultation paper, p. 4.

174 Submissions to the consultation paper: PLUS ES, p. 10; Bluecurrent, p. 4; Origin, p. 5; AGL, p. 10; Energy Queensland, p. 6.

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

176 Submissions to the consultation paper: Mondo, p. 3; AGL, p. 4; Origin, p. 5.

177 Submissions to the consultation paper: Bluecurrent, p. 4 PLUS ES, pp. 11, 12; Energy Queensland, pp. 6,7; Red/Lumo, p. 3.

opposed AEMO's proposal with major concerns on safety for third parties working on temporarily de-energised systems without the DNSP's approval. In addition, about the additional work for DNSPs in admin and logistics.¹⁷⁸

The Commission considers there are likely benefits of DNSPs providing information around scheduled planned outages to MCs, such as fewer disruptions to customers from a lower number of supply interruptions. However, there are a few practical challenges that could limit the effectiveness of a requirement. These include:

- Limited flexibility. MCs and customers would have little to no choice on the date of supply interruptions. This may create challenges for MCs to meet testing timeframes.
- Logistical complexity. It may be challenging to coordinate between the DNSP and potentially multiple MCs who want to arrange testing in the same date.
- Additional costs. For information technology system changes for DNSPs to share scheduled or changed interruption dates/times to MCs.

As such, the draft rule does not introduce additional requirements on DNSPs to coordinate with MCs on scheduled planned outages for testing and inspection. However, we would encourage DNSPs and MCs to develop a framework or protocol on how to work together if the opportunity arises, as suggested by Bluecurrent. This would support situations where a customer is averse to a supply interruption, but could work with MCs and DNSPs to align efforts and minimise disruptions where possible.

178 Ausgrid, submission to the consultation paper, p. 1.

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
EUAA	Energy Users Association of Australia
FRMP	Financially Responsible Market Participant
HV	High voltage
MC	Metering Coordinator
MDP	Metering Data Provider
MSATS	Meter Settlement and Transfer Solution
MP	Metering Provider
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NERO	National Energy Retail Objective
Proponent	The individual / organisation who submitted the rule change request to the Commission
UFE	Unaccounted for energy
VT	Voltage transformer