

7 May 2026

Ms Anna Collyer
Chair
Australian Energy Market Commission
Sydney South NSW 1235

By online submission:

Dear Ms Collyer

AEMO Response to AEMC Draft Determination on Supporting compliance with meter maintenance obligations

AEMO welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC's) draft determination for the *Supporting compliance with meter maintenance obligations* rule change.

AEMO recognises and supports the AEMC's objective of improving compliance with metering maintenance obligations and acknowledges the practical challenges that Metering Coordinators (MCs) face, particularly in relation to site access. The draft rule introduces several constructive elements aimed at addressing these challenges, and AEMO considers that these provide a useful foundation for strengthening the framework.

In providing this submission, AEMO has focused on a number of targeted areas where the draft rule could be refined to more effectively address the underlying issues identified by the original proposals and in the consultation process. These suggestions are intended to support the Commission in achieving its policy intent, while ensuring that the framework operates effectively in practice and delivers durable compliance outcomes.

Alignment of accountability with the ability to act

AEMO considers that the central challenge remains the alignment of accountability with the party best able to resolve access-related barriers to compliance.

AEMO notes that its original rule change proposal explicitly sought to align compliance accountability with the Financially Responsible Market Participant (FRMP) in circumstances where MCs are unable to meet their obligations due to access constraints. This reflects the practical reality that the FRMP is typically best positioned, through its commercial relationship with the customer, to progress resolution.

The draft rule introduces a requirement for the MC's appointing party to assist in facilitating access. This is a constructive step and acknowledges the role of customer relationships in enabling compliance. However, in practice, there may remain circumstances where access continues to be delayed or refused despite these efforts.

In these situations, the framework may not clearly identify a party subject to enforceable obligations to ensure that compliance is ultimately achieved. While AEMO recognises that the draft rule does not propose to extend accountability beyond a facilitation role, clearer articulation of how accountability is maintained where access barriers persist would strengthen confidence that compliance outcomes will be achieved in practice.

Establishing a clear pathway to resolution

Closely related to the above, AEMO considers that the framework would benefit from a clearer articulation of how access-related issues are expected to be resolved over time.

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The draft rule introduces process-based obligations to support access facilitation. However, where access barriers persist, there is a risk that compliance issues may remain unresolved for extended periods if there is no clear expectation regarding progression toward resolution.

AEMO considers that even a high-level articulation of expected progression – such as an expectation that reasonable steps are taken within a defined period following identification of an issue – would provide greater clarity to participants and support more consistent outcomes, without materially increasing compliance burden.

Treatment of large customer arrangements

AEMO understands the intent behind extending obligations to the MC's appointing party, including where that party is a large customer.

AEMO recognises that large customers who appoint their own MCs, and the MCs that they appoint, should be sufficiently informed to consider maintenance of metering installation compliance in their commercial discussions, and are operationally best placed to facilitate access. However, unlike FRMPs and MCs, large customers are not directly subject to the enforceability framework under the NER.

Under the draft rule, where a large customer appoints the MC, the obligation to assist with access sits with that customer. In circumstances where access continues to be restricted, this may result in there being no party subject to an enforceable obligation to ensure that compliance is ultimately achieved.

AEMO considers that this creates a residual accountability gap. While AEMO acknowledges that the AEMC may not intend to extend formal compliance obligations to FRMPs in these circumstances, it may be useful to clarify how the framework is expected to operate where access is persistently denied, and the appointing party is not subject to enforcement under the NER.

Scope of application – inspections

AEMO notes that challenges associated with conducting metering installation inspections – particularly at sites requiring de-energisation to access instrument transformers – are real and warrant consideration. However, AEMO considers that these challenges are materially different in nature from those associated with testing and malfunction rectification, and would be better addressed through alternative mechanisms outside the scope of the current rule change.

For low voltage (LV) connection points, AEMO notes that remote and alternative inspection methodologies are generally available – see AEMO's Metrology Procedure Part C¹. As such, there appears to be limited justification for extending exemption arrangements to LV metering installations for inspection purposes.

For high voltage (HV) connection points, and a small subset of high-energy throughput LV sites, inspection challenges are more complex. Instrument transformers are often integrated within switchgear and, in some circumstances, may not be safely accessed without a site shutdown. Where access is not obtained over extended periods:

- the accuracy of the metering installation remains uncertain due to lack of testing; and
- critical information regarding the design, configuration, and condition of instrument transformers cannot be verified through inspection.

This creates a compounding risk, particularly at high-volume connection points where inaccuracies can have a greater impact on settlement outcomes. AEMO also notes that because some meter exchanges can occur without de-energisation, the opportunities to concurrently verify instrument transformers may not be available.

¹ [Metrology Procedure Part C](https://www.aemo.com.au/-/media/files/electricity/nem/retail_and_metering/metrology_procedure_part_c_v11.pdf?rev=ba9bf85154d84644b4bdbacfd92401e&sc_lang=en): https://www.aemo.com.au/-/media/files/electricity/nem/retail_and_metering/metrology_procedure_part_c_v11.pdf?rev=ba9bf85154d84644b4bdbacfd92401e&sc_lang=en

AEMO considers that these issues, where identified by Metering Coordinators, point to the need for more enduring solutions, such as alternative inspection methodologies, or structured asset management approaches that can already be considered under existing provisions in NER Schedule 7.6, and within the scope of AEMO's Metrology Procedures.

Given the complexity and potential market impact of the inspection issue, AEMO does not consider that exemption-based approaches – particularly those that may allow for prolonged avoidance of inspection – are an appropriate mechanism to address these risks within the scope of this rule change.

Role of exemption frameworks

AEMO acknowledges that an exemption framework can play a legitimate role in accommodating genuinely exceptional circumstances where compliance cannot be achieved within prescribed timeframes. However, the effectiveness of such a framework depends on ensuring that it supports, rather than substitutes for, the achievement of underlying compliance obligations.

AEMO considers that there is the potential for exemption pathways – particularly in scenarios where accountability is not clearly enforceable – to inadvertently reduce incentives to resolve underlying issues, such as access-related barriers. Where exemptions are readily available or capable of extension, process-based compliance (i.e. applying for and obtaining exemptions) may become a more accessible pathway to avoid solving the more challenging compliance issues.

This consideration is particularly relevant at higher energy throughput connection points in the distribution network, where prolonged non-compliance increases the likelihood of metering installation inaccuracy contributing to higher levels of Unaccounted For Energy (UFE). As UFE is allocated across all FRMPs, this creates a pathway for the consequences of non-compliance at large customer sites to be borne by other participants and, ultimately, small customers. In AEMO's view, this outcome would be inconsistent with the principle that costs should be borne by those best placed to manage them.

A further practical consideration arises in relation to AEMO's role in administering any exemption framework. Where exemption applications are based on customer-specific access issues (such a refusal to provide access, site conditions, or required customer actions), AEMO has limited ability to independently verify the underlying circumstances. AEMO does not have visibility of, nor the ability to collect or store, detailed customer-specific information of this nature. As a result, the assessment of such exemption applications would necessarily rely heavily on representations made by the applicant, with limited scope for independent validation.

In practice, this creates a risk that exemption decisions may be made largely on the basis of good faith, rather than evidence-based assessment. While AEMO has confidence in participant integrity, a framework that relies on unverifiable inputs reduces transparency and would undermine effectiveness and credibility of the exemption regime over time.

AEMO considers that exemption mechanisms are most effective when they operate as temporary relief measures linked to a clear pathway to resolution, rather than as an ongoing mechanism for managing persistent access constraints. The administration of exemption applications introduces incremental cost and complexity for both AEMO and market participants, without necessarily improving the likelihood of resolution where the underlying constraint is unchanged.

In light of these considerations, AEMO suggests that, if the Commission proceeds with an exemption-based approach, further guidance be provided on:

- the expected duration and limits of exemptions, including whether they are intended to be time-bound or capable of extension;

- the minimum conditions that must be satisfied for an exemption to be granted or extended, such as demonstrated progress toward resolution and a defined remediation plan; and
- the circumstances in which exemptions should no longer be available, and alternative compliance mechanisms should apply.

Alternatively, if exemptions are intended to operate on an open-ended basis without defined conditions or limits, AEMO considers that a rules-based approach (for example, clearly defined conditions under which certain obligations are modified) may provide a simpler and less administratively burdensome mechanism, while offering greater transparency and predictability to participants.

Coordination with planned outages

AEMO notes that the AEMC has previously established coordination mechanisms within NER Chapter 7 to support efficient delivery of metering services, including the “one-in-all-in” approach for smart meter installations at multi-occupancy premises.

AEMO considers that a similar concept could provide a useful reference point for addressing access challenges associated with HV metering installations.

In particular, there may be merit in exploring mechanisms that:

- facilitate coordination between Network Service Providers, Metering Coordinators, and FRMPs; and
- enable metering installation testing and verification activities to be undertaken in conjunction with planned network outages or maintenance activities.

For HV connection points, where de-energisation is often the primary barrier to conducting testing and inspection, improved coordination of this nature could reduce the need for separate outage arrangements, minimise customer disruption, and support more timely compliance.

AEMO considers that this type of coordinated approach may offer a practical and efficient complement to the measures proposed in the draft rule.

Importance of transparency and monitoring

If the AEMC proceeds with the draft rule, AEMO agrees that establishing strong visibility of compliance status will be important to support effective implementation and ongoing monitoring. In particular, AEMO considers that enhanced transparency through MSATS – such as identifiers for access-constrained or non-compliant metering installations – could:

- improve visibility across participants,
- support informed decision-making by current and prospective FRMPs, and
- assist AEMO, the AER, and the AEMC in monitoring trends and behavioural responses.

This visibility would also support future assessment of whether the framework is delivering its intended outcomes.

Enhanced visibility of this nature may not necessarily require material system changes. Subject to the Commission’s intent, it may be possible to implement appropriate identifiers or status flags through AEMO procedural instruments (such as MSATS procedures) and standing data frameworks.

AEMO would welcome the AEMC’s view on the preferred mechanism for establishing this visibility, including whether it is intended to be supported through procedural change, rule-based requirements, or a combination of both.

Record keeping and auditability

Under any framework that relies on facilitation obligations or exemption pathways, the ability to demonstrate and verify the actions taken by MCs becomes increasingly important.

In circumstances where access constraints prevent compliance, there is currently limited visibility of the steps taken by MCs to resolve those constraints. Establishing a minimum expectation for record keeping – either within the NER or through AEMO procedures – would support greater transparency and provide an auditable basis for assessing whether reasonable steps have been taken.

AEMO expects that such records would already be maintained by participants in the normal course of operations. Formalising minimum requirements would therefore not impose a significant additional burden, but would provide an important safeguard to ensure that facilitation and exemption mechanisms support, rather than substitute for, the achievement of compliance outcomes.

This would also support any future compliance or audit activities undertaken by the AER, and the MC's annual compliance audit, conducted to provide AEMO with assurance of each MC's ongoing compliance with the NER, in accordance with NER Chapter 2.

Implementation considerations and timing

- AEMO notes that implementation of the proposed arrangements will require changes to AEMO procedures and supporting systems, including incorporation of any revised exemption arrangements into AEMO procedures;
- system changes to support new or expanded exemption management processes; and
- potential enhancements to MSATS to support visibility of compliance status.

Having regard to the current regulatory implementation roadmap, and the capacity to deliver these changes alongside other committed initiatives, AEMO considers that sufficient lead time will be required to ensure effective implementation.

On this basis, AEMO recommends that the effective date for the final rule be aligned with the implementation of Real-Time Data on 30 November 2028.

AEMO supports the AEMC's objective of strengthening compliance with metering maintenance obligations and acknowledges the constructive elements of the draft rule.

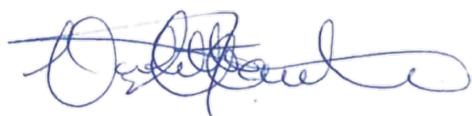
The refinements outlined above are intended to assist the Commission in ensuring that:

- accountability is clearly aligned with the ability to act,
- access-related issues are progressed toward resolution, and
- the framework delivers practical and enduring improvements in compliance outcomes.

AEMO would welcome the opportunity to work with the AEMC to further develop these aspects and to support implementation should the rule be made.

AEMO looks forward to continuing its collaboration with the AEMC and other stakeholders on this important consultation. Should you wish to discuss any of the matters raised in this submission, please contact Hannah Heath, Group Manager – Strategic Market Reform, at hannah.heath@aemo.com.au.

Yours sincerely,



Violette Mouchaileh
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