



# EXEMPTION PROCEDURE

(METERING INSTALLATION MALFUNCTIONS)

**Prepared by:** AEMO MARKETS

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**Approved for distribution and use by:**

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**Title:** Executive General Manager - Operations

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## Current version release details

Version	Effective date	Summary of changes
1.4	1 December 2025	Updated for National Electricity Amendment (Accelerating smart meter deployment) Rule 2024 No.20 – testing and inspection

**Note: There is a full version history at the end of this document.**

# 1. INTRODUCTION

## 1.1. Purpose and scope

This is the Exemption Procedure – Metering Installation Malfunctions made under clause 7.8.10(b) of the National Electricity Rules **(NER) (Procedure)**.

This Procedure sets out the process by which a Current Metering Coordinator (**MC**) may apply for an exemption from complying with clause 7.8.10(a) for the rectification of a *metering installation malfunction*.

This Procedure has effect only for the purposes set out in the NER. The NER and the National Electricity Law prevail over this Procedure to the extent of any inconsistency.

## 1.2. Definitions and interpretation

### 1.2.1. Glossary

Terms defined in the National Electricity Law and the NER have the same meanings in this Procedure unless otherwise specified in this clause.

Terms defined in the NER are intended to be identified in this Procedure by italicising them, but failure to italicise a defined term does not affect its meaning.

The Retail Electricity Market Procedures – Glossary and Framework:

- (a) Is incorporated into and forms part of this Procedure; and
- (b) Should be read in conjunction with this Procedure.

### 1.2.2. Interpretation

This Procedure is subject to the principles of interpretation set out in Schedule 2 of the National Electricity Law.

## 1.3. Related documents

Title	Location
Retail Electricity Market Procedures – Glossary and Framework	<a href="http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Retail-and-metering/Glossary-and-Framework">http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Retail-and-metering/Glossary-and-Framework</a>
Metrology Procedure: Part A	<a href="http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Retail-and-metering">http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Retail-and-metering</a>
Metrology Procedure Part C	<a href="https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/retail-and-metering/metrology-procedures-and-unmetered-loads">https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/retail-and-metering/metrology-procedures-and-unmetered-loads</a>
Metering Installation Exemption Guideline	<a href="https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/retail-and-metering/metering-procedures-guidelines-and-processes">https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/retail-and-metering/metering-procedures-guidelines-and-processes</a>

## 1.4. Metering Installation Exemption Guideline

The requirements in this procedure must be read in conjunction with the Metering Installation Exemption Guideline as this guideline provides applicants with relevant information required to enable MCs to apply and manage their *metering installation* exemptions.

## 2. APPLICATION REQUIREMENTS

### 2.1. Applicant

The only Participant who can apply for and benefit from an exemption granted by AEMO under clause 7.8.10 of the NER is the MC for the *metering installation* affected by the *metering installation malfunction*.

An MC is not required to apply for an exemption in the circumstances contemplated by clause 11.86.7(g)(2) of the NER where it is the LNSP:

- (a) Appointed as the MC under clause 11.86.7(a) of the NER; or
- (b) Deemed to be appointed as the MC under clause 11.86.7(c) of the NER, in respect of a type 5 or 6 *metering installation*.

The MC may apply to AEMO as soon as they become aware of a *metering installation malfunction* that cannot be repaired within the timeframes specified by clause 7.8.10(a) of the NER.

A *metering installation* may only be the subject of a *metering installation malfunction* exemption application where the installation is energised and supplying, or capable of supplying, load.

*Metering installations* that are de-energised, disconnected from the LNSP's *network*, or otherwise inactive are not eligible for malfunction exemptions under this Procedure.

### 2.2. Limitations and reasonable use of the exemptions process

- (a) Exemptions must only be sought in extraordinary or non-routine circumstances. Commonplace operational issues or failure to maintain adequate processes, commercial arrangements, or technical capabilities will not justify the use of the exemptions process.
- (b) Applications for a *metering installation malfunction* exemption must include one or more of the following reasons preventing the rectification of the malfunction within the timeframes specified by clause 7.8.10(a) of the NER:
  - (i) Procurement Delays: The procurement time of an *instrument transformer metering installation* component exceeds the *metering installation malfunction* rectification timeframe.
  - (ii) Third party process delays: A *metering installation malfunction* has been positively identified, and rectification cannot be completed within the NER-specified

timeframes due to process dependency on a third party. This may include, but is not limited to:

- (A) Access to the site being dependent on the actions or scheduling of a third party;
- (B) A requirement for the FRMP or another party to take preparatory action before rectification can proceed (e.g. site de-energisation or customer communication required by the NERR);
- (C) Delays in obtaining shutdown windows where the MC is not the controlling party.

MCs must not rely on this category unless they have clearly identified the *metering installation malfunction* and taken all reasonable steps within their control to progress rectification.

- (iii) Authorised access or specialised equipment requirements:
  - (A) Rectification of a malfunction necessitates specialised equipment, authorised personnel, or an action to be performed by a third party.
  - (B) Permits or induction training are required before the site can be accessed to rectify the malfunction, such as what might reasonably apply for a *metering installation* connected to the *transmission network*.
- (iv) Volume management (*family failures* only) – a significant volume of *metering installations* has failed to be accepted due to the MC’s sample testing processes, as outlined in their AEMO-approved Asset Management Strategy, beyond what could reasonably have been predicted.
- (c) Applications for *family failure* exemptions must include all NMIs associated with that *family failure* for which the MC is seeking an exemption. Applications for exemptions that are not related to a *family failure* must not be grouped and must be provided on a per NMI basis.
- (d) A NMI may only be subject to one malfunction exemption at any given time.
- (e) An MC is not permitted to reapply for an exemption for a NMI once a malfunction exemption has expired, unless the reason for seeking a new exemption has materially changed and the previous malfunction has been rectified.

## 2.3. Remote communication failures

An inability to remotely communicate with a *metering installation* or obtain *metering data* via *remote acquisition* must not be the sole basis for a *metering installation malfunction* exemption application. While such issues might indicate a *metering installation malfunction*, they may not be, in themselves, *metering installation malfunctions*. *Remote acquisition* can be affected by factors external to the *metering installation*, such as:

- (a) Power outages at the NMI;
- (b) Communications network interruptions; or
- (c) Issues with third party systems

Exemption applications must only be submitted where the MC has positively identified that the issue affecting *remote acquisition* results directly from a full or partial failure of the *metering installation* itself.

## 2.4. Exemption periods

- (a) For *metering installations* with *family failures*, the MC may apply for an exemption period of no longer than 70 *business days* in addition to the timeframe provided for *metering installation malfunction* rectification in NER 7.8.10(a)(2)(ii).
- (b) For whole current *metering installations* with individually identified malfunctions at *small customer* premises, the MC can apply for an exemption period of no longer than 15 *business days* in addition to the timeframe provided for *metering installation malfunction* rectification in NER 7.8.10(a)(2)(i).
- (c) For whole current *metering installations* with individually identified malfunctions at *large customer* premises, the MC can apply for an exemption period of no longer than 15 *business days* in addition to the timeframe provided for *metering installation malfunction* rectification in NER 7.8.10(a)(3)(i).
- (d) For *metering installations* with *instrument transformers*, the MC must specify the desired exemption expiration date in their application, which should be the date by which the malfunction is planned to be rectified.

## 2.5. MC rectification plans

The MC must provide a rectification plan with its application for exemption, which must include:

- (a) The reason for the application for an exemption;
- (b) The timeframe requested for the exemption, i.e. the date the MC became aware of the *metering installation malfunction* and exemption end date;
- (c) Where the rectification plan relates to a family failure, a description of the circumstances that require an exemption and any preventative and corrective actions required regarding the MC's *Asset Management Strategy*, e.g.:
  - (i) Exceptional circumstances that could not reasonably have been foreseen by the MC when developing and operating to their AEMO approved *Asset Management Strategy*; and
  - (ii) Proposed amendments to the MC's approved *Asset Management Strategy* to mitigate against the need for further exemptions.
- (d) Where the rectification plan relates to a *metering installation* where the *instrument transformer(s)* are the cause of the malfunction:
  - (i) The nature and cause of the *metering installation malfunction*;
  - (ii) The actions required to rectify the *metering installation malfunction*;
  - (iii) A timetable to which the rectification work is scheduled to be conducted;
  - (iv) Details of any equipment or facility to be replaced;
  - (v) Any planned shutdown or outage periods; and

- (e) Where *metering data* is to be Substituted as a result of the *metering installation malfunction*, the method for the treatment of *metering data* for the duration of exemption and the:
  - (i) details of the proposed *metering data* Substitution method(s) and the rationale for their selection; and
  - (ii) time period(s) for which Substituted *metering data* will be provided to market participants.
- (f) Where the rectification plan relates to a delay caused by a third party process:
  - (i) The nature of the *metering installation malfunction*, as identified by the MC; and
  - (ii) A generic description of the third party dependency and how it prevents timely rectification – ensuring that information provided to AEMO does not contain personal information or customer-identifiable information, in accordance with privacy obligations.

## 3. APPLICATION ASSESSMENT

### 3.1. AEMO's assessment

- (a) On receipt of an application for exemption, AEMO must:
  - (i) Assign a unique ID number to the application, or verify, within two *business days*, the ID number provided by the applicant where the application is for an extension to an existing exemption.
  - (ii) Provide the applicant with confirmation of receipt and the ID number of the application.
- (b) Within 10 *business days* of receipt of an application for exemption or extension, AEMO will review and approve or reject the application as necessary.
- (c) AEMO may request additional information to support the application in lieu of a rejection and may stipulate the timeframe by which that information must be provided for AEMO's consideration.<sup>1</sup> Where an application is based on a third party process delay, AEMO may require the MC to provide evidence of the nature of the dependency and actions taken to resolve it, without disclosing information that would contravene privacy obligations.
- (d) When AEMO requests additional information to support the application the 10 *business day* timeframe and the processes described in 3.1(b) will begin from the date the additional information is received by AEMO.
- (e) The MC and other Participants who have a relationship with the NMI(s) that is the subject of the exemption, will receive notification of exemption status changes via the CR Notification process in MSATS.

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<sup>1</sup> The Metering Installation Exemption Guideline requires the participant to review and update the exemption within 25 calendar days

## 3.2. Matters taken into consideration

Applicants will note that all applications will be considered on their merits and no previous grant of an exemption will be taken as creating a binding precedent on AEMO.

AEMO will take into account the following when considering an application:

- (a) The nature and contents of the application;
- (b) The MC's rectification plan;
- (c) The nature of the *metering installation malfunction* and whether it was caused by a breach of the NER by the MC;
- (d) Whether the MC has actively sought to find a way in which to rectify the *metering installation malfunction*;
- (e) The impact of the *metering installation malfunction* on *settlements* and other Participants;
- (f) How *metering data* will continue to be provided to AEMO and other Participants from that *metering installation* until the *metering installation malfunction* has been rectified, specifying how the quality and timeliness of the provision of that *metering data* will be addressed;
- (g) The practical consequences of granting an exemption; and
- (h) Any other information that AEMO considers to be relevant to the application.

## 3.3. Grant of exemption

An exemption granted by AEMO will commence on the latter of:

- (a) the date that AEMO received the application via MSATS,
- (b) the date that AEMO has received the completed supporting documentation (if required) via the email process, or
- (c) the last day of the timeframe provided for malfunction repair in the NER.

AEMO may grant the exemption on a conditional basis. Typical conditions that AEMO might impose include, without limitation, the following:

- (a) The date by which the MC must ensure the rectification of the *metering installation malfunction* is completed in accordance with their rectification plan.
- (b) What action the MC must take to mitigate the effects of the *metering installation malfunction* on *settlements* and other Participants.

If the MC fails to meet any condition specified in the grant of the exemption, AEMO may revoke the exemption by notice to the MC.

## 3.4. Application unsuccessful

If AEMO does not grant the exemption sought by the MC, AEMO will provide reasons.

The types of reasons for which an application might not be successful include the following, without limitation:

- (a) A failure to provide further information by the date specified by AEMO in its request for that information;
- (b) The application is inconsistent with the requirements of the NER and this Procedure;
- (c) The malfunction referred to in the application does not constitute a *metering installation malfunction*;
- (d) Insufficient justification or evidence for the claim that a third party process is preventing rectification of a clearly identified *metering installation malfunction*; and
- (e) The existence of other options available to the MC to rectify the *metering installation malfunction* that would not require an exemption.

## 4. EXEMPTION MANAGEMENT

### 4.1. Extensions to an exemption

- (a) The MC 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*.
- (b) Any application for an extension must be submitted to AEMO at least seven *days* prior to the expiry of the exemption. AEMO will consider the application in accordance with sections 2.3 to 2.6.
- (c) AEMO will notify the current MC up to 21 *days* prior to the exemption expiring of all exemptions that are due for expiration.
- (d) If exemption extensions are not submitted prior to the expiry date, then the exemption will be updated to Expired status. An Expired status will not allow an extension to be submitted against it.
- (e) Exemptions will automatically expire on the exemption expiry date if a request for exemption extension is not approved.

### 4.2. MC's obligations during the exemption period

The MC must:

- (a) Within one *business day*, notify all affected Participants of the grant of the exemption and provide them with a copy of the rectification plan;
- (b) Diligently pursue the rectification of the *metering installation malfunction* in accordance with the rectification plan and complete the rectification prior to the end of the exemption period;
- (c) Keep AEMO and all affected Participants informed of any changes to the rectification plan and provide a copy of the amended rectification plan to them;

- (d) Notify AEMO and all affected Participants when the *metering installation malfunction* has been rectified; and
- (e) Retain all relevant information supporting the case for the application for the duration of the exemption period and make it available within 2 *business days* to AEMO following a request.

Note: The change request functionality will provide CR notifications to participants who have a relationship with the NMI. Obligations of notifying participants of exemptions or extension to exemptions may be met using this functionality. Reporting functionality will provide the new MC notice that they have been assigned to a NMI that has a current exemption and they must apply for a new exemption. This may meet the obligation to notify the new MC. Ultimately the MC must assess whether their obligations are met using these two functionalities.

### 4.3. Expiry of an exemption

Any exemption granted by AEMO in accordance with this Procedure will expire upon the earliest of the:

- (a) Rectification of all *metering installation malfunctions* within the exemption application;
- (b) Expiry date specified by AEMO;
- (c) Abolishment of the *NMI* and *metering installation* where this is the only *NMI* in the exemption;
- (d) MC's cessation of appointment as MC for the *metering installation* affected by the *metering installation malfunction*; where this is the only *NMI* in the exemption, and
- (e) Revocation of the exemption by AEMO.

When any of the above conditions are met, the exemption will move to an Expired status. Expired status is an end status and nothing further can be done with this exemption.

### 4.4. Removal of a NMI from the exemption

The removal of a *NMI* from an exemption that relates to a *family failure* may not trigger the expiration or resolution of an exemption unless it is the last remaining *NMI* active in the exemption. Removal of *NMIs* from an exemption can be done at any time during the period for which the exemption is current.

### 4.5. Revocation of exemption

If the MC fails to meet any condition of the exemption specified by AEMO, or is unable upon request to provide AEMO with adequate information to confirm the veracity of an exemption, AEMO may revoke the exemption and notify the MC of the revocation.

### 4.6. Suspending or restricting applications

AEMO may suspend or restrict an MC from applying for *metering installation malfunction* exemptions if it reasonably determined that the MC has demonstrated a pattern of misuse, such as:

- Submitting exemption applications that do not meet the criteria set out in this Procedure;
- Failing to comply with the conditions of granted exemptions;
- Providing inaccurate or misleading information; or
- Using the exemption process as a substitute for appropriate operational planning or resourcing.

Except where immediate suspension or restriction is necessary due to material impact on market operations, AEMO will provide prior written notice of its intention to suspend or restrict an MC, including reasons and an opportunity for the MC to respond or remediate the issue within 10 *business days*.

An MC subject to a suspension or restriction may request a review by submitting a written request with supporting information. AEMO will respond within 20 *business days* of receipt. The outcome of the review, including any decisions to uphold, amend, or lift the restriction, will be provided in writing and will be final.

## Version release history

Version	Effective Date	Summary of Changes
1.4	1 December 2025	Updated for National Electricity Amendment (Accelerating smart meter deployment) Rule 2024 No.20 – testing and inspection
1.3	4 March 2024	Updated to reflect changes for new automation of exemptions
1.2	1 May 2022	Updated to incorporate clause reference changes in National Electricity Amendment (Introduction of metering coordinator planned interruptions) Rule 2020 No. 7.
1.1	20 May 2020	Updated to incorporate additional clause reference in the National Electricity Amendment (Metering installation timeframes) Rule 2018 No. 15.
1.0	1 December 2017	First Issue. Document incorporates: <ul style="list-style-type: none"> <li>• National Electricity Amendment (Expanding Competition in Metering and Related Services) Rule 2015. No.12.</li> <li>• National Electricity Amendment (Embedded Networks) Rule 2015 No. 15; and National Electricity Amendment (Meter Replacement Processes) Rule 2016 No. 2.</li> </ul>