

28 October 2024

Level 17, Casselden
2 Lonsdale Street
Melbourne Vic 3000
GPO Box 3131
Canberra ACT 2601
tel: (03) 9290 1800
www.aer.gov.au

Dear Businesses,

RE: AER enforcement outcome regarding owning embedded networks without registration or exemption

I am writing in relation to a recent enforcement outcome regarding embedded networks. On 2 October 2024, the AER announced that Locality Planning Energy Pty Ltd (**LPE**) paid two infringement notices totalling \$135,600 issued by the AER for alleged breaches of section 11(2) of the National Electricity Law.

Section 11(2) of the National Electricity Law requires that *any* party owning, controlling, or operating an embedded network must be:

- registered with the Australian Energy Market Operator (**AEMO**) as a network service provider, or
- exempted by the AER from the requirement to be registered.

The AER alleged LPE breached section 11(2) of the National Electricity Law by owning embedded networks without being registered as a network service provider with AEMO or exempted by the AER from the requirement to be registered.

Further details about this matter are contained in the [AER's media release](#).

Actions for businesses

We expect all businesses that are not registered with AEMO as a network service provider, hold an appropriate network exemption for *each* embedded network that they own, control or operate, and comply with the conditions of that exemption, as set out in the AER's [Network Exemption Guideline](#). This is important as it ensures embedded network customers are afforded key consumer protections in relation to safety, pricing, and access to retail competition.

We recommend your business seeks independent legal advice as to whether you own, control or operate an embedded network. Section 11(2) of National Electricity Law is a **civil penalty provision** and a failure to comply can attract significant financial penalties.

Businesses seeking to obtain a registration with AEMO or an exemption from the AER can visit the below websites for further instructions and information:

- [AER: Network Exemptions](#)
- [AEMO: Register as a Network Service Provider in the NEM](#)

Review of network exemption framework

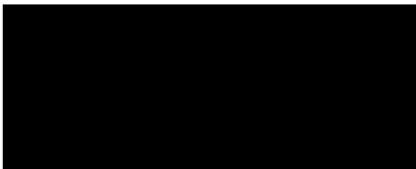
The AER is currently reviewing its exemptions framework for embedded networks. As part of this review, the AER will soon publish a revised draft Network Exemptions Guideline for public consultation. It is likely the revised guideline will include changes that may impact your regulatory requirements. You can subscribe to updates on this process via our website [here](#).

Monitoring

The AER continues to monitor industry compliance with embedded network obligations, including registration and exemption requirements under the National Electricity Law. The AER may take enforcement action where it considers an entity has contravened the National Electricity Law.

Please contact us via email at aer inquiry@aer.gov.au or via telephone at 1300 585 165 if you wish to discuss any of the matters raised in this letter.

Yours sincerely



Rebecca Holland
Acting General Manager
Compliance and Enforcement Branch