



INFORMATION SHEET

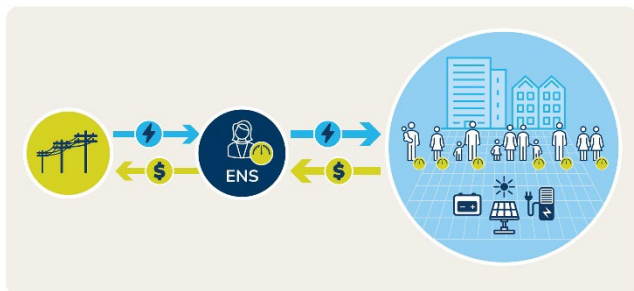
Regulating the sale and supply of electricity in embedded networks

Have your say about the future regulation of this service!

Have your say about regulating the sale and supply of electricity in embedded networks, like apartment blocks and shopping centres.

What is an embedded network?

An embedded network is a private electricity network servicing multiple lots or tenancies within one property. It is connected to the electricity grid through a 'master meter'.



The operator of the embedded network, referred to as the embedded network seller or ENS, buys electricity from a retailer. The ENS then on-sells that electricity to individual customers on the property.

A customer may be in an embedded network if they are:

- living in an apartment block, retirement village or larger strata complex; or
- a long-stay resident in a residential park or caravan park; or
- a business in a shopping centre or shopping complex.

Why are regulatory changes being considered?

The number of embedded networks is growing fast. Energy Policy WA estimates that tens of

thousands of customers get their electricity through embedded networks.

However, embedded network customers:

- do not have important electricity-specific customer rights;
- do not have access to a fit for purpose framework to ensure that ENS who do not comply with the current (limited) protections are held accountable; and
- cannot go to the Electricity Ombudsman if they have an issue.

The WA Government wants to make sure that embedded network customers have the same types of rights as customers that have a direct connection to the main electricity grid.

Energy Policy WA is running a consultation process to find the best way of giving embedded network customers access to these rights.

What are the options?

Doing nothing or requiring each business operating embedded networks to obtain an individual licence exemption would be the cheapest options for these businesses, but they don't improve customer protections for these services.

If all ENS were required to be licensed this would provide the most customer protection, but also involve the greatest costs. The costs are for oversight by the regulator (the Economic Regulation Authority) and auditing of all the licence requirements. These include:

- offering standard contracts approved by the regulator;
- support for household customers experiencing financial hardship or family violence;
- access to the Electricity Ombudsman;

- rules about how often customers are billed and what information is on bills; and
- reporting on customer numbers and services provided, along with reporting on how the company is performing against its obligations (currently retail licence holders need to report on 143 different measures of performance and customer statistics alone, distribution licence holders have other obligations).

Some licence requirements don't make sense for embedded network services. However, they can't easily be changed for one type of service.

While the costs will be paid for by the business providing the service, they will likely be passed on in charges to consumers. If costs can't be passed on or absorbed, businesses may not be able to continue offering embedded network services to customers.

As a middle ground, the Alternative Electricity Services (AES) registration framework provides a cheaper option for ENS than licensing, but still provides standard electricity rights for consumers, including key elements such as:

- mandatory up-front information to customers about the service provided;
- requiring that supply agreements are in writing and include information such as prices, fees and charges and how they may be changed over time;
- access to suitable meters and ability to request a meter test;
- requiring that important information such as amount of electricity produced or consumed is regularly provided to consumers on bills (or via an app or online platform);
- ensuring that support is provided to household customers experiencing financial hardship or family violence;
- access to the Electricity Ombudsman; and
- protections for residential customers who rely on life support equipment.

The WA Government has a draft AES code for embedded network services which shows the types of electricity rights customers could be entitled to.

If a decision is made to regulate embedded network services under the AES framework, the ENS would need to:

- register with the Economic Regulation Authority;

- become a member of the Electricity Ombudsman scheme; and
- meet relevant obligations under the AES Code.

Voluntary period

The draft AES code for ENS is called the Voluntary Embedded Network Services Code. ENS can sign up to follow this code now, but they don't have to.

During the voluntary period, ENS can test how they can best meet the obligations in the Code. Even if they sign up to the voluntary period, ENS don't need to follow all the obligations in the Code.

If ENS were regulated under the AES framework, then they would need to follow all the obligations in the Code.

Who should give feedback?

Energy Policy WA is keen to hear from anyone that is already an embedded network customer or ENS, or is thinking about this for the future.

For those that are very interested in this topic, a consultation paper is available on the Energy Policy WA website that outlines more detail on the options discussed above. The consultation paper asks specific questions. There is a response template to help you share feedback on some or all of these questions.

You are also welcome to just write a letter or send us an email:

- outlining your views;
- telling us your own experience; and/or
- responding specifically to some or all of the questions included in the consultation paper.

If you want a simple and quick way of contributing to this consultation process just email EPWA-AES@dmirs.wa.gov.au and tell us:

- How satisfied you are with your embedded network service?
- What is the best and worst thing about being an embedded network service customer?
- Is there anything that surprised you about your embedded network service?
- Is there something you wish you had known before moving into an embedded network?
- Is there anything you think needs to change with how embedded networks are regulated right now? Why/why not?

Written submissions and letters can be emailed to EPWA-AES@dmirs.wa.gov.au or posted in hard copy to Locked Bag 100, East Perth WA 6892.

The closing date for comments is 19 April 2024.

What will we do with your feedback?

Energy Policy WA will carefully consider all the feedback provided to guide its advice and recommendations to the WA Government.

Submissions received will be published on the Energy Policy WA website shortly after the end of the consultation period. Energy Policy WA will also publish further information on the Government's final policy decision in due course.

If you prefer your name to remain confidential, please indicate this in your submission. Please also clearly indicate if there is information or data in your submission that is confidential and should be removed before publication.

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