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Attention: Ms Orellie Tylor

Energy Policy WA

Locked Bag 100, East Perth WA 6892

15 April 2024

Regulating the sale and supply of electricity in embedded networks submission

Dear Ms Tylor,

We acknowledge Energy Policy WA's ongoing efforts in facilitating extensive consultation with stakeholders regarding regulations around Embedded Networks, aimed at ensuring fairness and consumer standards for consumers. This commitment to inclusivity and transparency has provided stakeholders with a vital platform to share feedback, insights, and perspectives crucial to the development of a robust energy policy framework.

Energy Intelligence is a specialist of embedded network services with a strong presence in the shopping centre, commercial and industrial park space, acting as agents on behalf of Embedded Network Sellers (ENS). With a wealth of experience in navigating the complexities of embedded networks, our team brings a comprehensive understanding of the industry landscape and regulatory frameworks. Our submission addressing key questions outlined in the Consultation Paper (CRIS) on regulating the sale and supply of electricity in embedded networks informed by this perspective, with a focus on advocating for solutions that balance the needs of both consumers and network operators. We are committed to fostering a sustainable and equitable energy ecosystem, and our contributions to this dialogue reflect our dedication to driving positive change within the industry. We appreciate the opportunity to contribute to this important dialogue.

The answer to the questions for consultation in the *Consultation Paper (CRIS) - regulating the sale and supply of electricity in embedded networks* are as follows:

1. **What costs and benefits have you experienced under the status quo arrangements for ENS being exempt from needing to hold a licence?**
   Under the current exemption status, our experience indicates several significant advantages for ENS and consumers alike. With less regulatory burden compared to a licensed retailer, ENS can provide stability in energy costs to their tenants, the ability to reinvest profits into the network particularly towards renewable energy infrastructure, contributing to a more sustainable energy future. ENS can also provide faster and more efficient services for tenants, and the flexibility to focus on consumer needs without the burden of regulatory requirements. In our experience numerous landlords in commercial settings cultivate a deeper relationship with their tenants, with a vested interest in ensuring they benefit from the embedded network. Furthermore, ENS investment in renewable energy allows landlords to meet their corporate ESG (Environmental, Social, and Governance) goals, aligning with broader sustainability objectives.

2. **What minimum conditions would need to be imposed as part of individual exemptions for ENS?**
   To ensure consumer protection and fair practices, the following minimum conditions would need to be imposed for individual exemptions granted to ENS:

- **Price capping**: Implementing measures to cap or regulate the prices charged by ENS to ensure affordability and protect consumers from excessive price increases.
- **Obligation to supply**: Requiring ENS to provide consistent and reliable energy supply to consumers, ensuring uninterrupted access to electricity.
- **Access to dispute resolution and financial hardship**: Establishing mechanisms for consumers to resolve disputes with ENS and providing support for consumers facing financial hardship to ensure equitable access to energy services.
- **Information disclosure including bill content**: Requiring ENS to provide transparent information to consumers, including clear and detailed billing statements that outline charges and usage data, ensuring transparency and accountability in billing practices.
- **Special considerations for residential settings**: Recognising the unique needs of residential consumers, such as those experiencing domestic violence or relying on life support equipment, implementing additional protections and support measures to safeguard their well-being is crucial.

These conditions aim to ensure that consumers receive fair treatment, access to essential services, and appropriate support in challenging circumstances within the framework of individual exemptions for ENS.

3. **Do you agree that a lack of access to the Energy Ombudsman and means of enforcing exemption conditions are significant problems? Are there any other concerns with licence exemptions additional to those identified in Section 3 – Problem Statement?**
With respect to commercial premises, we disagree that a lack of access to the Energy Ombudsman and means of enforcing exemption conditions are significant problems. Tenants can access the Small Business Development Corporation (SBDC) or the State Administrative Tribunal (SAT) to address disputes with their landlords. However, it's crucial to encourage ENS to adhere to exemption conditions, as it promotes ethical practices and raises standards across the board. Furthermore, we have seen the benefits of this approach in Victoria, where the ombudsman scheme was made available to all Embedded Network tenants since 2018, illustrating the positive impact of enhanced access to dispute resolution mechanisms.

4. **If an exempt ENS fails to meet exemption conditions they are no longer legally able to supply electricity until the issue is remedied. What consequences could arise from this?**
If an exempt ENS fails to meet exemption conditions and is no longer legally able to supply electricity, the following consequences could arise:

- Risk of the master meter being disconnected for non-payment, leaving tenants with no supply, which can be detrimental in a residential premise.
- Loss of trust and reputation amongst customers and stakeholders.
- Potential financial losses for the ENS due to the disruption of operations and potential legal consequences.
- Legal consequences for the ENS, including fines and penalties imposed by the regulatory authority.

To mitigate these consequences, it is important for ENS to have documentation such as electrical drawings and asset registers. This would also allow ERA to appoint an ENS to take over operations temporarily while investigations are undertaken. This proactive measure not only helps in ensuring compliance with exemption conditions but also facilitates a smoother transition to ensure continuity of supply.

5. **Is licensing a suitable option to address some of the issues raised in Section 3 – Problem statement?**
The suitability of the current retailer license framework for embedded networks depends on various factors, including the specific regulatory landscape, consumer needs, and industry dynamics within the region. While the current framework may provide a foundation for regulating electricity retail activities, it may not fully address the unique characteristics and challenges associated with embedded networks. Therefore, while

elements of the current retailer license framework may be applicable to embedded networks, there may be a need for additional provisions or adjustments to accommodate the specific requirements of embedded network operations to address the issues raised in Section 3 - Problem statement.

Furthermore, the current licensing framework is cumbersome and compliance-heavy, imposing unnecessary regulatory burdens on ENS, especially smaller or less-resourced operators. This aspect requires careful consideration and balancing to ensure effectiveness without stifling innovation or competition in the sector. For instance, reporting requirements entail significant administrative efforts and costs for ENS, including data collection, analysis, and compliance monitoring. Energy Policy WA aims to identify a more practical and efficient approach to extending customer protections to EN customers without imposing excessive regulatory requirements. The disproportionate regulatory burden and administration costs associated with licensing underscore the need for a framework that offers flexibility and customisation to address the specific characteristics and scale of embedded networks.

6. **Are the costs of licensing ENS proportional to the benefits?**

We believe that the costs of requiring ENS to register under the AES registration framework are proportional to the benefits. This framework ensures that small use electricity customers in embedded networks receive substantively equivalent protections as customers of licensed retailers, including access to the Energy Ombudsman for dispute resolution, disclosure of information upfront, suitable processes for managing disconnections and interruptions, and support for customers experiencing financial hardship or family violence. Implementing the AES registration framework holds ENS accountable for meeting these customer protections and provides a more robust compliance and enforcement regime. Additionally, the framework promotes industry standardisation, improves consumer trust, and provides regulatory certainty. The costs associated with registration and compliance obligations are reasonable and necessary to achieve these benefits.

7. **Is the AES registration framework a suitable option to address some of the issues raised in Section 3 – Problem statement?**

The AES registration framework is a suitable option to address some of the issues raised in Section 3 - Problem statement. It aims to extend customer protections to customers of ENS in embedded networks, including access to dispute resolution, compliance and enforcement mechanisms, written supply agreements, disclosure of information, suitable meters, robust dispute resolution procedures, and protections for customers experiencing financial hardship or relying on life support equipment. The framework also provides oversight by the regulator; ERA to ensures visibility of suppliers operating in the market. However, it is important to note that the specific issues raised in the problem statement may be more prominent in residential areas, such as the lack of access to independent dispute resolution. Other types of consumers in embedded networks may have access to the Small Business Development Corporation (SBDC) or the State Administrative Tribunal (SAT) for dispute resolution.

8. **Are the costs of requiring ENS to register under the AES registration framework proportional to the benefits?**

The costs of requiring ENS to register under the AES registration framework are proportional to the benefits. The benefits include enhanced customer protections, improved compliance and enforcement, increased market confidence, industry standardisation, regulatory certainty, equality of customer protection, clear legislated responsibility, transparency of ENS operations, access to the Energy Ombudsman, and a robust and proportionate compliance and enforcement regime. The costs include registration and Ombudsman fees, costs to develop systems and processes, establishment costs, costs for the ERA and Energy Ombudsman to administer and enforce the framework, and licensing and administration costs borne by customers. Overall, the framework ensures a fair and well-functioning energy market.

9. **Do you agree that ENS should be required to facilitate large use customers obtaining a separate master meter at the customer's cost?**

   It depends on the impact it may have on common land. While requiring Embedded Network Sellers (ENS) to facilitate large-use customers obtaining a separate master meter at the customer's cost may offer benefits in terms of transparency and individual control over energy usage, it's essential to carefully evaluate any potential impacts on common land and shared infrastructure. Balancing the interests of all stakeholders and ensuring fair and equitable access to energy services should be paramount in making such decisions.

10. **If you are a large use customer, what is your experience in being sold or supplied electricity in an embedded network?**

    While we operate as an Embedded Network (EN) and do not fall under the category of large-use customers ourselves, our experience with large customers within embedded networks suggests that they often have better negotiating power. Additionally, despite being part of an embedded network, large-use customers typically still have access to the meter data, enabling them to monitor and manage their energy usage effectively. This access to meter data can empower large-use customers to make informed decisions regarding their energy consumption and contractual agreements within the embedded network setting.

11. **What, if any, other obligations should ENS have in respect of large use customers? Why?**

    Large Use Customers typically possess a deeper understanding of their energy needs and expectations. Presented below are the obligations and best practices that we believe are pertinent in serving this customer segment.

    + **Disclosure of Information**: Provide comprehensive information prior to lease commencement to ensure transparency and informed decision-making.
    + **Transparent Pricing**: Offer clear and transparent pricing structures to facilitate understanding and comparison.
    + **Metering**: Provide suitable meters and ensure access to consumption data, enabling customers to monitor and manage their energy usage effectively.
    + **Data Access**: Ensure access to real-time energy consumption data and analysis tools to empower customers to make informed decisions.
    + **Fair Contract Terms**: Ensure fair and reasonable contract terms that protect the interests of both parties and foster trust and satisfaction.
    + **Dispute Resolution**: Establish robust dispute resolution procedures to address conflicts promptly and fairly.
    + **Safety Compliance**: Comply with safety regulations to ensure the well-being of customers and the integrity of the energy supply.
    + **Separate master meter**: Allow large use customers to obtain separate master meter at the customer's cost within reason.

    Best Practices:

    + **Flexible Supply Arrangements**: Provide options for flexible supply arrangements, such as power purchase agreements and participation in demand response programs, to meet diverse customer needs.
    + **Promotion of Energy Efficiency**: Promote energy efficiency and sustainability initiatives to help customers optimize their energy consumption and reduce environmental impact.
    + **Demand Management**: Collaborate with customers to manage electricity demand and optimize load profiles, enhancing efficiency and reducing costs.
    + **Price Matching**: While price matching may pose challenges as this is heavily reliant on the master meter contract and the wholesale market patterns, efforts should be made to provide competitive pricing options whenever feasible, considering the unique needs and circumstances of large use customers.

12. **Do you support use of the 'fast track' route to assess ENS registration applications? Why/why not?**
We support the use of the 'fast track' route to assess ENS registration applications. This approach allows experienced ENS that meet the necessary conditions to undergo a faster and more efficient evaluation process. It also benefits ENS that can demonstrate their ability to satisfy the conditions and have appropriate systems in place to serve their customers effectively. The fast-track route streamlines the registration process and ensures that qualified ENS can provide their services in a timely manner.

13. **What minimum information should ENS be required to supply under an AES registration application process?**
The minimum information that ENS should be required to supply under an AES registration application process includes the site address and contact details, embedded network contact details, and the types and quantity of customers being served (residential, retirement village, business, etc.). This information is necessary for identification, communication, and tailoring customer protections accordingly.

14. **Should licensed electricity retailers be permitted to operate embedded networks under authorisation of their licences (with additional licence conditions), or should they be required to also hold an AES registration as an ENS? Please provide justification for your position.**
Requiring licensed electricity retailers to obtain AES registration or adhere to additional conditions appears warranted, provided that all embedded networks are registered and listed. This measure guarantees transparency and visibility, crucial for effective regulation and oversight. This measure promotes consistent customer protections, enhances regulatory transparency, and streamlines the framework, fostering better enforcement and compliance. By mandating AES registration or imposing additional conditions, we establish a unified regulatory framework for embedded networks. Notably, the current challenge of limited visibility across states underscores the necessity for registration. This approach ensures fairness, accountability, and consumer confidence across all embedded networks, bolstering regulatory effectiveness and fostering trust in the system.

15. **What circumstances should be considered for transitional arrangements? What types of obligations on ENS should be subject to transitional arrangements?**
Transitional arrangements should be considered for ENS to ensure a smooth transition to the new regulatory framework. The circumstances that should be considered for transitional arrangements include:

- Existing embedded network operators who already have leases and contracts with customers.
- Smaller and/or less well-resourced ENS that may require more time to adapt to the new regulatory requirements.
- Obligations related to safety regulations, where a phased approach may be needed to ensure compliance while allowing sufficient time for operators to make necessary adjustments to their infrastructure or operations.

The types of obligations on ENS that could be subject to transitional arrangements include:

- Compliance with customer protection obligations, such as supply agreements, information disclosure, dispute resolution procedures, and support for customers experiencing financial hardship or family violence.
- Metering and billing requirements, allowing for a phased approach to implementing these obligations.
- Adjusting pricing structures to align with safety net prices based on existing government-regulated electricity tariffs for small-use customers.

- Compliance and enforcement mechanisms, providing a grace period for ENS to rectify non-compliance issues without immediate penalties or revocation of their registration.

The aim of transitional arrangements is to provide a reasonable timeframe for compliance while ensuring that customer protections are not compromised during the transition period.

16. **Are there any types of ENS that require special consideration or additional time where a phased approach might be appropriate? Why is this the case and how long should such a phased approach take?**
We're not aware of any ENS types requiring special consideration or a phased approach at this time.

17. **What is the best means of accessing all relevant audiences for ENS educational materials?**
The most effective approach for accessing all relevant audiences for ENS educational materials involves collaboration with industry associations, regulatory bodies, and media outreach. Partnering with these organisations allows ENS to leverage existing networks and communication channels, reaching a broader audience. Industry associations often host events and have established communication channels through which information can be shared effectively. Additionally, engaging with various media outlets, including industry publications and online forums, helps connect with audiences beyond industry networks and regulatory bodies, ensuring broader dissemination of educational materials. By utilising these channels, ENS can increase awareness and understanding of the AES registration framework and VENCoP initiatives among all audiences, including harder-to-reach groups.

18. **What materials and resources would be most suitable to help both ENS and their customers to transition to the AES registration framework?**
To facilitate the transition to the AES registration framework for both ENS and their customers, a range of materials and resources would be beneficial. Comprehensive guidance document outlining the registration process, requirements, and timelines. Training programs conducted by regulatory authorities or industry experts can further assist ENS in understanding their obligations and help customers navigate any changes.

Online portals or tools should be established to simplify the registration process and provide relevant information. Addressing challenges related to cohort-operated ENS, where responsibility may be dispersed, is essential. Encouraging clear communication and collaboration among cohort members can ensure compliance with the new framework.

Media exposure through informative articles, webinars, or interviews can raise awareness and foster cooperation within the cohort. Additionally, providing simple questionnaires or checklists can help ENS assess their compliance status and understand their obligations better. It's essential to emphasize the relevance of these resources, as some ENS may not initially perceive their applicability. Clear communication regarding the benefits of these tools and their role in ensuring a smooth transition to the AES registration framework can help overcome any reluctance or scepticism, ultimately leading to a more successful adaptation for both ENS and their customers.

Tenants within our embedded networks nationwide benefit from clear and easy-to-understand energy bills, competitive electricity rates, and access to essential consumer protections. Our dedicated customer service team provides personalised assistance for high bill queries, meter issues, and other concerns, while also offering flexible payment options and proactive support in concession entitlements. These fundamentals should be accessible to all consumers across the nation. As champions of industry best practices, Energy Intelligence proudly adopts the VENCoP, demonstrating our ongoing dedication to maintaining the highest standards of compliance and service excellence.

In conclusion, we extend our sincerest appreciation to Energy Policy WA for facilitating this crucial consultation and are grateful for the opportunity to contribute to the ongoing dialogue. Together, we can ensure that all consumers, regardless of their location, have access to clear information, competitive rates, and essential consumer protections within embedded networks. Thank you for your continued efforts in shaping a more equitable energy landscape. If you have any further inquiries or would like to discuss our submission in greater detail, please do not hesitate to contact us. We are available to provide any necessary supporting data and insights, and we look forward to the opportunity to assist you.

Yours sincerely,

Mardi Trezise
Managing Director

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Compliance Manager

ABOUT **ENERGY INTELLIGENCE**

Energy Intelligence is a leading energy consultancy that specialises in providing advisory services within the embedded sector. We are dedicated to offering comprehensive embedded network solutions, specifically tailored for clients who own embedded sites or are looking at incorporating renewable solutions to their tenant services. These sites encompass a range of energy sources, including both traditional and renewable-based generation, across various states. Our commitment to compliance is guided by the pursuit of best practices, surpassing the minimum requirements of each jurisdiction. This commitment is evident in the embedded networks we manage.

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