

Consultation on the regulation of embedded networks

Submission form

Full name	Brent Savage
Organisation and job title	Senior Advisor Consumer Policy and Advocacy at Energy Policy, however I am lodging the submission on behalf of the WA Expert Consumer Panel.
Postal Address	Level 1, 66 St Georges Terrace, Perth WA 6000
Email Address	[REDACTED]
Phone Number	[REDACTED]

Send your feedback to EPWA-AES@dmirs.wa.gov.au or to Energy Policy WA, Locked Bag 11, Cloisters Square, WA 6850 by 5pm (AWST), Friday 19 April.

We will publish your submission on Energy Policy WA website, unless you ask that we keep it confidential. Please give reasons why your submission should not be published.

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
1.	Section 5.1. Option 1: Status quo – class-based exemption	What costs and benefits have you experienced under the status quo arrangements for ENS being exempt from needing to hold a licence?	Not applicable
2.	Section 5.2. Option 2: Individual exemptions	What minimum conditions would need to be imposed as part of individual exemptions for ENS?	<p>The ECP does not support there being an individual exemption option, as the current issues with licence exemptions remain. As the paper outlines “this option does not meet the policy objective of extending substantively equivalent protections to small use customers in embedded networks as those enjoyed by customers of a licensed retailer. “</p> <p>However, if this approach were adopted, then the ECP consider consumers should be afforded the following minimum conditions:</p> <ul style="list-style-type: none"> ● Access to the Energy and Water Ombudsman ● A written disclosure statement prior to the sale or tenancy of the property ● The same standards of minimum information to appear on bills, and bill frequency, as obliged in the proposed AES Code. ● Assistance and accommodations for consumers experiencing hardship and family violence. ● Price caps for non-residential consumers.

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
3.		<p>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? <i>(relevant to Options 1 and 2)</i></p>	<p>Yes, the ECP agrees that providing access to the Ombudsman is a crucial and vital improvement for Embedded Network Services. This is especially important because:</p> <ul style="list-style-type: none"> ● ENS providers are not primarily energy retailers and may lack the capability or experience to address complaints effectively. ● The essential nature of energy as a service means that all residential and non-contestable customers should have access to services that safeguard this. <p>The ECP considers that the ‘Problem statement’ has adequately identified the major issues.</p>
4.		<p>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? <i>(relevant to Options 1 and 2)</i></p>	<p>The exemption system, which prohibits the supply of electricity if conditions are breached, has negative consequences for consumers. Residents in an embedded network rely solely on that network for their energy supply, (unless they have approval to engage with a separate company through an OPSA), resulting in a total loss of power. The ECP identifies several risks, including:</p> <ul style="list-style-type: none"> ● Power disconnection interrupts supply to customers who rely on life support equipment, potentially leading to fatal consequences. ● Power disconnection during heatwaves, leading to the loss of air conditioning and potential adverse health outcomes or loss of life. Some embedded systems cater to

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
			<p>retirement villages where the elderly, a high-risk group for heatwave mortality, are served.</p> <ul style="list-style-type: none"> • Continuous power loss which prevents small businesses from operating normally, including the risk of losing perishable stock and impacting their livelihood. • Lack of compensation for customers in the event of ongoing energy supply loss, resulting in additional negative consequences borne by the customer. • Potential for long running, stressful and costly court proceedings for customers.
5.	Section 5.3. Option 3: Licensing	Is licensing a suitable option to address some of the issues raised in Section 3 – Problem statement?	<p>The ECP acknowledge that licensing provides some of the reforms needed to the service providers and some of the requirements to achieve the Energy Objective.</p> <p>However:</p> <ul style="list-style-type: none"> • Licensing does not provide a clear pathway for how to treat the ownership of shared hardware (e.g. EV chargers) and new business models that would support decarbonisation and distributed energy resources. • The increased complexity and burden may cause some service providers to exit, or not enter, the market which would be to the detriment of consumers. • Requirements, reporting and auditing would require significant upskilling of the industry, particularly those currently operating under class-based exemptions.

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
6.		Are the costs of licensing ENS proportional to the benefits?	The ECP considers that the administration cost is disproportionately high to the benefits achieved.
7.	Section 5.4.1. Proposed obligations under the AES Code	Is the AES registration framework a suitable option to address some of the issues raised in Section 3 – Problem statement?	Yes, the ECP considers that the proposed AES registration framework is an appropriate balance of benefits of consumer rights, flexibility for DER and new business models that aid the energy transition, while controlling the cost and regulatory burden.
8.		Are the costs of requiring ENS to register under the AES registration framework proportional to the benefits?	Yes, please see the response to question 7.
9.	Section 5.4.2. Policy questions under the AES registration framework – Protections for large use customers	Do you agree that ENS should be required to facilitate large use customers obtaining a separate master meter at the customer's cost?	Yes, the ECP supports requirements for ENS providers to facilitate a separate master meter at the customer's own cost, and that ENS do this without obstruction.
10.		If you are a large use customer, what is your experience in being sold or supplied electricity in an embedded network?	Not applicable.
11.		What, if any, other obligations should ENS have in respect of large use customers? Why?	Not applicable.
12.	Section 5.4.2. Policy questions under the AES registration framework – Fast track application	Do you support use of the 'fast track' route to assess ENS registration applications? Why/why not?	<p>Yes, with some modification. The ECP recommends that the 'fast track' criteria proposed may lack sufficient scrutiny to ensure the safety and security of consumers and the credibility of the market.</p> <p>We propose that the 'fast track' route be adjusted to:</p> <ul style="list-style-type: none"> • A review by the ERA of relevant registers where the business is listed.

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
			<ul style="list-style-type: none"> • Separate obligations to ENS that are OSPA.
13.	Section 5.4.2. Policy questions under the AES registration framework – Information requirements for registration	What minimum information should ENS be required to supply under an AES registration application process?	<p>The ECP acknowledges that the introduction of new services and business models to the consumer market, such as OSPA, may be met with scepticism and perceived as scams. We recommend that the public register contain easy to understand (plain language and/or videos, etc) information to build trust and discourage unethical behaviour from OSPA services. Information that can help achieve this goal are:</p> <ul style="list-style-type: none"> • Past revocations or suspensions of licence, in WA or other Australian states/territories • If transitional arrangements are in place, the date that that full adoption will occur • Links to official website/enquiries/complaints in digital and phone formats
14.	Section 5.4.2. Policy questions under the AES registration framework – Requirement for retail licensees to register	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.	The ECP has not formed a position on Q14, but notes that any approach implemented should include, at minimum, appropriate consumer protections including those listed in response to Question 2.
15.	Section 5.4.2. Policy questions under the AES registration framework – Transitional arrangements	What circumstances should be considered for transitional arrangements? What types of obligations on ENS should be subject to transitional arrangements?	It is in the best interest of consumers that existing service providers do not exit the market or face suspension due to difficulties in meeting the registration requirements. Given the diverse nature of the market, it is suggested that a transition period apply for any small businesses

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
			<p>captured by the proposed regulation regime. This will allow for these businesses to view how other market participants navigate the new arrangements prior to themselves needing to alter their operations. A financial turnover or number of full-time employee's equivalent or another metric could be used to determine which businesses are afforded a longer transitional period.</p>
16.		<p>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?</p>	<p>The ECP notes that ENS currently under class-based exemptions may have very little experience in regulation or engagement in the energy industry.</p> <p>Additionally, some ENS have very small companies and are not dedicated to full time energy management. It is therefore essential to stage a transitional period with the time and resources necessary to navigate these challenges effectively.</p>
17.	<p>Section 7. Implementation</p>	<p>What is the best means of accessing all relevant audiences for ENS educational materials?</p>	<p>The ECP expects that appropriate industry bodies should be engaged, including:</p> <ul style="list-style-type: none"> ● Peak bodies for industry types (e.g. Caravan Industry Association of Australia, Strata Community Association) and consumer types (e.g. Seniors Australia) ● Relevant Consumer Representatives ● Companies recognised as operating many businesses under a class-based

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
			<p>exemption (e.g. RAC Holiday Parks, Big 4 Caravan Parks)</p> <ul style="list-style-type: none"> • The Energy Ombudsman website <p>The most comprehensive means to educate future builder/buyer/leasee would be to install a requirement on real estate agents and developers to inform prospective builder/buyer/leasee that the property is covered by ENS arrangements. This information should be provided in standard template (similar to Basic Plan Information & Electricity Price Fact Sheets that offered in the NEM). If this was considered unfeasible, a mail out to households/businesses that access concessions through the Energy Concession Extension Scheme and/or links to applicable resources could be provided on the Energy Concession Extension Scheme webpage and may assist.</p>
18.		<p>What materials and resources would be most suitable to help both ENS and their customers to transition to the AES registration framework?</p>	<p>The ECP suggests:</p> <ul style="list-style-type: none"> • Information sessions which inform customer representatives and peak bodies representing residents (e.g. Seniors Australia) of their rights and responsibilities • Information sessions for non-residential small energy consumers through relevant bodies (e.g. Chambers of Commerce and small business associations) • Fact sheets and short explainer videos for individual consumers, both residential and business, regarding expanded

Question number	Section reference in Consultation Paper	Questions for consultation	Your comments
			protections, provision of hardship and family violence policies, changes to EV charging, how to participate in AES.