

22 May 2024

Energy Policy WA
Level 1, 66 St Georges Terrace
Perth, WA 6000

Email: EPWA-AES@dmirs.wa.gov.au

RE: Have your say on the regulation of the sale and supply of electricity in embedded networks

Strata Community Association (WA) is the professional body representing the interests of the strata sector in WA. Providing education, advocacy, and support to strata managers and stakeholders within the strata community.

A not-for-profit member-based organisation, representing approximately 1,500 individuals within the strata community network in Western Australia, who subsequently represent over 133,000 owned properties. SCA (WA) is committed to:

- Promoting and encouraging the highest professionalism, ethical standards and best practices within strata management;
- Driving positive change and fostering a thriving strata community through effective advocacy and representation at local, state, and federal levels of government.
- Developing resources, training and education for industry professionals, equipping strata stakeholders with the knowledge and skills necessary to navigate the complexities around strata properties.

SCA (WA) represents the interests of strata living and communities, including strata managers, individuals who live and own in strata schemes and service providers to the strata sector. Our interest is to ensure that regulation amendments such as the one being proposed by EPWA take into consideration the intricacies and complexities of strata and do not cause undue difficulties for those who are impacted by the amendment.

SCA (WA) is pleased to have the opportunity to comment on the regulation of the sale and supply of electricity in embedded networks, and appreciate the acceptance of this feedback by EPWA.

Of specific concern are:

- Default Tariffs
- Billing Cycles
- Metering
- Retail
- Implementation and consultation

Please find our responses to the consultation questions relevant to our industry on the following page

Strata Community Association (WA)

Question Responses:

1. What costs and benefits have you experienced under the status quo arrangements for ENS being exempt from needing to hold a licence?

SCA (WA) supports a registration framework to be implemented which would provide standardised electricity rights for consumers. However, SCA (WA) has reservations regarding some of the existing criteria noted in the proposed regulations, as it is believed that these would be detrimental to either commerciality of the schemes or functionality for those who need to manage the operations.

SCA (WA)'s specific concerns include:

- The introduction of a Default Flat Rate Tariff: For any customer, irrespective of the contract in place, to be able to nominate to change to the default rate, will have a significant impact on the commerciality of the ENS and does not consider the impacts of usage and volume on EN infrastructure.
 - Specifically, SCA (WA) has been advised of examples where an ENS is paying more for electricity under a supply agreement than they are selling it for, because they are on selling electricity with the gazetted tariffs currently in place.
- SCA (WA) believes the introduction of a default tariff that is a set amount, able to be requested and must be granted, irrespective of the contract in place or the purchase amount of the electricity is not a commercially viable solution. Potential alternatives could include guidelines around the percentage above the purchase price of the electricity that a ENS is able to on-sell the electricity.
- Metering is also a crucial element to consider. Metering assets in WA are often not modernised, and sometimes are not existent all together. SCA (WA) is aware that there are a number of strata schemes without metering at all.
 - Consideration must therefore be made in the EPWA plan to ensure the development and deployment of contemporary measuring tools, to ensure that usage patterns are accurately measured under this framework.

2. What minimum conditions would need to be imposed as part of individual exemptions for ENS?

Membership has indicated that the implementation of a disclosure statement that informs consumers of their purchasing arrangement in full would be appropriate. Similarly, a requirement to clarify whether or not there is a meter, along with its type will improve accuracy.

SCA (WA) would also like to note the need for consideration of the electricity supply terms within commercial leases, and ensuring that they are not diluted. SCA (WA) membership has suggested that where commercial lease terms accommodate electricity supply, a solution may include transferring the terms onto a disclosure statement to outline the arrangements in place.

SCA (WA) would also like to reinforce concerns where the code refers to a billing cycle of '60 Days.' SCA (WA) would strongly recommend that verbiage is adjusted to '2 months,' to avoid too much rigidity in the billing cycle and improve practicality.

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? (relevant to Options 1 and 2)

SCA (WA) would endorse the implementation of an Energy Ombudsman, and believes that this may serve to improve outcomes for consumers in WA.

The implementation of an Energy Ombudsman may provide consumers with the option of free and independent dispute resolution services, as well as a place to go for advice when needed.

SCA would advise collaborating with the NSW Government, to understand how their Energy & Water Ombudsman NSW (EWON) model operates.

5. Is licensing a suitable option to address some of the issues raised in Section 3 – Problem Statement?

SCA (WA) does not support licencing as an option to address the issues that were raised in the Section 3 problem statement.

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

SCA (WA) believes that the benefits licencing would not be proportional to the costs, agreeing with the position paper that it would likely impose both high barriers to entry into the market and additional costs.

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

In principle, SCA (WA) agrees that an AES registration framework is a suitable option to address the issues raised in Section 3 of the Problem statement. However, in its current format, SCA (WA) believes that the framework proposed by EPWA lends to competitive elements that are not viable, and a commercial environment that is not tenable.

SCA (WA) has been made aware of fundamental problems that will arise with electricity statements under the proposed framework, for example. Membership has expressed that in regard to arrears, it will be largely impossible for an ENS to comply with the requirements.

The cost of electricity is associated with other elements on the customers' statement that includes leasing and utility costs, into one figure. In a situation where a customer is in arrears, it will likely not only be for electricity and thus it would make it difficult for ENS to be compliant in this regard.

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

SCA (WA) understand that the costs of requiring an ENS to register under the AES framework are high, and those costs would likely be passed on directly to the end users (i.e consumers).

12. Do you support use of the 'fast track' route to assess ENS registration applications? Why/ why not?

As SCA (WA) understands, a 'fast-track' route may provide an unfair advantage to the persons making the application when compared to others.

14. Should licenced 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.

Membership has expressed that if retailers are allowed to sell to tenants via the EPWA lowering the contestable threshold, retailers will enter the market as a competitor to ENS.

This model may serve to complicate an already complex market, and lead to the erosion of understanding by strata owners and managers.

16. Are there any types of ENS that require special consideration or additional time where a phased approach might appropriate? Why is this the case and how long should such a phased approach take?

Membership has indicated that if the threshold were to be lowered for retail access to embedded networks, retailer market access should be delayed for at least 18 months post the EN CoP regulation commencement date (26 January), to allow for market participants to consider the implications associated with the introduction of additional electricity retailer competition.

17. What is the best means of accessing all relevant audiences for ENS educational materials?

The best means of accessing all relevant audiences would include targeted engagement with both industry groups and service providers.

Through their membership base and clientele, education materials would be able to be disseminated effectively to those stakeholders that may need or best utilise the resources provided by EPWA.

However, SCA (WA) feels that the level of engagement on the investigation to best regulate the sale and supply of electricity in embedded networks WA has not been as comprehensive as expected.

Outside of the standard consultative process, SCA (WA) has not had the opportunity to consult further with EPWA regarding our concerns, despite numerous attempts. The submission provided for the draft Voluntary Embedded Network Code of Practice by the SCA (WA) in June 2023, raised concerns around the consultation and called for greater consultation, roundtables or workshops with consumer participants to ensure that workability and practicality issues were explored.

Similarly, SCA (WA) was not afforded the opportunity to participate in the WA ACE Forum (Advocacy for Consumers of Energy Forum), and SCA (WA) feels that the voice of the property sector is underrepresented in that respect.

SCA (WA) would encourage EPWA to conduct further targeted industry consultation and engagement prior to the finalisation of the regulatory model.

18. What materials and resources would be most suitable to help both ENS and their customers to transition to the AES registration framework?

Guidance materials developed by EPWA that could be provided to our membership that may be affected by the AES registration framework as to their obligations would be beneficial.

This may include (but not be limited to) templates, information packets, lists of compliance requirements etc.

SCA (WA) thanks you once again for the opportunity to respond, and looks forward to further engagement on this critical matter.

Kerrin Simmonds
Regional Manager
SCA (WA)