



**ENERGY  
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Orellie Tylor  
Energy Policy WA  
Level 1, 66 St Georges Terrace  
Perth WA 6000

### **Regulating the scale and supply of electricity in embedded networks**

Dear Orellie,

Energy Consumers Australia welcomes the opportunity to provide comment on Energy Policy WA's Consultation Regulatory Impact Statement: *regulating the sale and supply of electricity in embedded networks*.

As the national voice for residential and small business energy users, Energy Consumers Australia advocates for a future Australian energy system that works for, and benefits, the households and small businesses who use it. This includes the diverse range of consumers who find themselves living and working within embedded networks. People living in apartment blocks, retirement villages, caravan parks, social housing, small businesses operating in shopping centres and office blocks are just some of the consumer types that receive their energy under embedded network arrangements. Energy Policy WA's consultation will play an important role in ensuring these consumers have access to protections that are equivalent where practical, to other consumers in the market. As our remit extends to households and small businesses, our comments relate solely to decisions that affect small customers, rather than those relating to large customers as outlined in the consultation paper.

We were pleased to see the development of the Alternative Energy Services registration framework as a mechanism to extend relevant consumer protections to embedded network customers.

In addition to our reflection on the proposed framework, our submission frames the broader challenges of embedded networks and how these fit (or do not fit) in the future of Australia's energy system.

#### **SUPPORT FOR THE INTRODUCTION OF THE ALTERNATIVE ENERGY SERVICES (AES) REGISTRATION FRAMEWORK**

In principle, all households and small businesses should be awarded the same consumer protections regardless of their energy supply arrangements. However, in practice we understand that this is not always practical or cost effective and the risk of enforcing equal protections under licensing arrangements could result in additional costs being passed on to consumers who are already more likely to be under financial pressure or low income (e.g. residents in retirement villages, caravan parks). The proposed Alternative Electricity Services (AES) registration framework presents a useful mechanism to extend important consumer protections to embedded network customers (question 7).

The proposed registration framework will also provide broader regulatory oversight through enabling an up to date and well-informed register of embedded network operations and the types of customers that are supplied under this arrangement. Greater transparency and visibility on the location, customer type, customer numbers and other related data, is not only best practice, but fundamental in understanding the problem and what resources or reforms are needed to address it to protect consumers in embedded networks now and into the future.



We feel strongly that the lack of reliable data regarding a supply arrangement that services many residential and small business consumers is highly problematic and in itself contributes to the significant power, cost and information asymmetries that continue to exist.

Noting that the AES Registration Framework is currently voluntary, we recommend implementing and mandating the framework as soon as possible and practical.

#### **ACCESS TO EXTERNAL DISPUTE RESOLUTION SCHEMES**

We were pleased to see access to the Energy Ombudsman to assist with disputes being proposed as a core obligation under the AES. All households and small businesses should be given access to ombudsman services and should receive clear, regular information around how to access such services (question three).

Due to the unique challenges and barriers consumer under embedded network arrangements face, we believe they should get proportionately greater information regarding external dispute resolution schemes (ombudsman) which should be communicated to all households and small businesses in embedded networks in WA every 6 months. This information should be clear and concise, separate to customer energy bills.

Increasing access to this information is necessary to ensure consumers are accessing the supports that are available to them.

#### **EMBEDDED NETWORKS AND THE FUTURE ENERGY SYSTEM**

We feel strongly that we should be working towards an energy system where all household and small business consumers have agency and control, where they can choose their energy retailer with ease, participate in the market through consumer energy resources (CER) if they choose to, irrespective of their energy supply arrangement. We are concerned that most, if not all, embedded networks do not provide this level of agency to their customers.

External pressures faced by households and small businesses including the current cost of living crisis, high energy bills and the broader transformation to an energy system that is largely reliant on renewable energy resources, only further reiterates the importance of consumer choice, agency and flexibility around their energy.

Given the growing rate of embedded networks, and the challenges customers are facing now and will continue to face in the future, we believe that as part of the registration process, future registrations must be able to demonstrate compelling and ongoing consumer benefit that arises from the embedded network service arrangement. This should be a core minimal requirement as part of the registration framework. In practice, this means the embedded network service provider must be able to demonstrate ongoing consumer benefit through empirical evidence, that is not presumptive but based in data, analysis and modelling (question two).

Extending the consumer protections through the AES registration framework, and also ensuring that new arrangements can demonstrate clear ongoing consumer benefits, presents the best strategy to ensure consumers living and operating a small businesses under embedded network arrangements are adequately protected against ongoing consumer harm and detriment.



Thank you for the opportunity to provide our feedback. If you have any questions or comments about the submission, or require further detail, please contact Taneesha Amos-Hampson at [taneesha.a@energyconsumersaustralia.com.au](mailto:taneesha.a@energyconsumersaustralia.com.au)

Yours sincerely,

Jacqueline Crawshaw  
Director, Energy Services and Markets