

Media Release

7 December 2023

Comment sought on draft price caps for embedded networks

The NSW Independent Pricing and Regulatory Tribunal (IPART) has released draft recommendations on new price protections for over 90,000 customers served by embedded networks.

Tribunal member Sandra Gamble said the Tribunal was seeking feedback on the draft recommendations which would cap prices in embedded networks often used in medium and high-density developments, retirement villages, caravan parks and shopping centres.

"Embedded networks are private systems that supply electricity, gas, hot water, chilled water for centralised air-conditioning or a mix of these services. More are being established each year so we can expect the number of customers served by them to continue to increase," Ms Gamble said.

"They can be the basis of innovative, efficient and environmentally responsible service provision, however there have been increasing reports of problematic pricing particularly for residents of newer, high-density developments.

"Last year, a NSW Parliamentary Inquiry into embedded networks heard instances of residents receiving hot water charges for \$2,000 over a 9-month period and \$9,700 for a 14-month period, but most embedded networks customers can't easily change providers even if they want to.

The NSW Government initiated the IPART review to recommend a methodology for setting a maximum price for energy services within embedded networks, which began in June.

IPART's draft recommendations would cap electricity and gas prices at the level that consumers outside of embedded networks would pay if they shopped around and would ensure residents in embedded networks would not pay more if there were inefficient hot water systems at their site.

The NSW Government also asked IPART to provide advice on whether new hot and chilled water embedded networks should be prohibited.

"With the right protections for customers, we consider that these types of embedded networks should continue to be allowed," Ms Gamble said.

"They make it easier to install low-carbon emission centralised electric hot water systems, which can be provided at a significantly lower life-cycle cost compared to centralised gas systems,"

The draft report is available on IPART's [website](#). Stakeholders can make submissions online until 22 January 2024. IPART will consider all submissions before finalising its review and releasing the Final Report in March 2024.

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