



7 September 2023

Submission: IPART The Future of Embedded Networks in NSW

Thank you for the opportunity to provide input into IPART's review of the *Future of Embedded Networks in NSW*.

As the peak body representing people over 50 in NSW, we engage with older people on range of topics, we conduct both quantitative and qualitative research that informs our policy and advocacy positions, including energy policy.

The prevalence of embedded networks in residential parks, retirement villages and strata complexes continue to rise. Within these housing types, there are a high proportion of older people that reside there and that are subject to services and charges of these networks. Furthermore, older people are particularly likely to be vulnerable to the cost-of-living pressures and are unable to manage their energy costs due to the limitations and restrictions of embedded networks. These issues compound with the challenges that many older people may face in navigating the energy market due to issues of digital access and equity, thus hindering their ability to source more competitive pricing.

Customers in an embedded network are permitted to buy electricity from either an authorised energy retailer or the embedded network (as an exempt seller). However, in practice, consumers in an embedded network often have difficulty buying energy from a seller other than the exempt seller, so have limited retailer choice. This is due to the way the network may have been wired or metered or because energy retailers may not want to sell to a consumer inside an embedded network. Additionally, changing retail providers in an embedded network is a lengthy and often costly process, as consumers are required to cover the cost of changes themselves – including the cost of updating metres – and requires a familiarity with the energy market that many older people, particularly those from culturally and linguistically diverse communities.

Without competitive pressure to lower prices in embedded networks, exempt sellers (and retailers selling in embedded networks) may charge higher prices than those available to customers directly connected to the grid. It is therefore imperative that pricing protections are established for existing and future customers of embedded networks and COTA NSW supports the IPART recommendation to set a maximum price for the sale of electricity, gas and hot or chilled water to customers in embedded networks in NSW and that it should be set at the default market office price (DMO).

As articulated in the *Report – Embedded networks in New South Wales* by the NSW Parliamentary Committee on Law and Safety, hot and chilled water billed residential



customers – are in many cases – being charged unfair pricing for these services. They also have limited protections; metering is often non-compliant, and charges can be highly variable depending on the site and provider.

COTA NSW is also concerned by the method by which consumers of hot water are billed. At present consumers are commonly billed in litres of water used, not by the underlying energy that is used to heat the water. This results in excessive charges and that these services are not covered by current energy and water regulatory frameworks. As such consumers are not protected by the NECF or Water Industry Competition Act 2006 (WICA).

Given the lack of protections, variability of charges and other concerns raised at the NSW Parliamentary Inquiry into Embedded Networks, COTA NSW supports the recommendations 5 and 6 of the parliamentary inquiry:

- Recommendation 5 - That the NSW Government immediately ban the separate charging of hot and chilled water in embedded networks and implement fulsome price protection measures to prevent the unreasonable and unfair pricing of these essential services.
- Recommendation 6 - That the NSW Government collaborate with federal, state and territory governments and energy regulatory bodies to ensure hot and chilled water consumers in embedded networks have equal protections as are provided under the National Energy Customer Framework, including by requiring that these services are billed in accordance with the underlying source of energy.

For those older people receiving services through embedded networks, understanding their bills is also problematic and challenging. Current providers are not required to provide the same information as standard on a bill compared to energy retailers. Older people tell us that bills can be opaque and hard to read. COTA NSW supports the recommendation from the parliamentary inquiry, “that the NSW Government implement a standardised billing structure requiring the itemisation of embedded network services.”

With greater numbers of people living in higher density properties in this state, it is vital that consumer protections are implemented to ensure that those receiving services through an embedded network are not disadvantaged financially or through provision of these essential services.

Thank you for the opportunity to provide comment.

Regards,

[REDACTED]  
[REDACTED]