



8 September 2023

Ms Carmel Donnelly
Chair
Independent Pricing and Regulatory Tribunal
PO BOX J35
Haymarket Post Shop NSW 1240

Submitted: <https://www.ipart.nsw.gov.au/>

Dear Ms Donnelly

Industry Consultation Paper – Energy prices in embedded networks

Thank you for the opportunity to comment on this consultation paper.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON receives and responds to complaints from embedded network customers.

Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

EWON has already provided information and consumer insights to IPART's review. We will continue to assist IPART's review where appropriate.

We have only responded to those questions in the consultation paper that align with issues customers raise with EWON, or with our organisation's operations as they relate to this rule change.

Q1. Are these the right criteria to use for assessing the different pricing options? Are there any criteria we have missed?

Consumer protections

Complaints to EWON from embedded network customers frequently hinge on the fact that these customers benefit from fewer energy specific consumer protections than a consumer connected directly to the National Energy Market.

The difference in consumer protections between groups of energy customers becomes even more stark when the provider is billing the customer for a non-energy service (such as hot or chilled water). Billing customers for a non-energy service also decreases transparency for customers on the cost effectiveness or energy efficiency of these services. This must be addressed.

The loss of, or a reduction in, consumer protections impacts the overall cost of these services to consumers. This should be a significant factor for assessing the different pricing options and ensuring fairness and equity for all energy customers despite their residential status i.e., embedded network or open energy market.

Consumer energy resources

Complaints to EWON from embedded network customers increasingly involve the installation and operation of consumer energy resources (CER) such as rooftop solar systems and batteries. This is most common in land lease communities and over 55s communities.

The complaints we receive from these customers include issues such as:

- A lack of information from their embedded network operators and solar retailers about connection requirements for the embedded network and the parent connection point to the grid.
- Lack of access to a retail feed-in tariff or the rate paid by the embedded network operator.

IPART should deeply consider whether the current Solar Feed-In Tariff Benchmarks could, and should, be applied in embedded networks¹.

Q9. How should the maximum prices be enforced?

A maximum price for energy must have adequate enforcement by NSW Government, or the Australian Energy Regulator (AER), to be effective.

It will also be critical for clear and accessible information to be made available to both embedded network customers, and embedded network operators, on what the maximum price is, and who it will apply to. EWON engages widely with both embedded network customers and operators, and we would welcome the opportunity to help increase awareness of any changes to the pricing of energy within embedded networks.

EWON receives and manages complaints from embedded network customers concerned that their energy price exceeds the standing offer price that would be charged by the relevant local area retailer for new connections. EWON also has the ability to investigate and report on systemic issues that affect groups or classes of customers.

Independent EDR is an important and accessible mechanism that allows consumers to ensure that consumer protections, such as a maximum price, are met by their provider.

Enforceability will be greatly improved if all electricity, gas and hot water embedded network operators servicing residential customers are required to be a member of the Energy & Water Ombudsman scheme.

If you would like to discuss this matter further, please contact Rory Campbell, Manager Policy & Systemic Issues, on [REDACTED].

Yours sincerely

[REDACTED]

Janine Young
Ombudsman
Energy & Water Ombudsman NSW

¹ IPART, Solar feed-in tariff benchmarks, Final Report, June 2021