

THE FUTURE OF EMBEDDED NETWORKS IN NSW

SUBMISSION TO IPART

Thank you for the opportunity to provide a submission on IPART's *Industry Consultation Paper*, which forms part of the inquiry into embedded networks.

The Shopping Centre Council of Australia (SCCA) represent major owners of shopping centres.

Our members own and operate embedded networks within their shopping centres, which is an ancillary function to their core business.

We appreciate the time provided by IPART staff to discuss this matter.

The purpose of this submission is to register our interest in discussing relevant issues with IPART, if and when any genuine and evidence-based public policy issues arise.

On our assessment, none of IPART's material demonstrates any public policy or market failure in relation to shopping centre embedded networks.

We note that residential issues were the driver for IPART's review, including a Parliamentary inquiry.

It is our longstanding experience that embedded networks issues are almost exclusively in relation to residential embedded networks, whether they be in relation to apartment buildings, retirement villages or caravan parks.

Further, we often get 'dragged in' to these issues, despite there being no demonstrated issues with our sector (including when governments have gone out to try and 'find' issues).

The SCCA has had extensive involvement in embedded network regulation and reviews over a long period of time.

This includes (but is not limited to):

- The AEMC's review of regulatory arrangements (2017).
- The AER's original exemption guidelines when the AER became the national regulator (2010).
- AEMO's/AEMC's 'Embedded Network Manager' rule and other changes (2014-2018).
- Ongoing AER exemption guidelines (2010 onwards).
- The AER's recent consultation on customer protections for future energy services (2022).

We also made an extension submission to the AER on Ausgrid's 2024-2029 regulatory proposal referenced in IPART's *Industry Consultation Paper*, where we comprehensively reject Ausgrid's modelling, consultation and proposal (our submission is available on the AER's website). Similar to the point we make above, Ausgrid's proposal heavily relies on residential circumstances (versus non-residential circumstances such as shopping centres).

Our sector is vastly different to the residential sector, including for the following reasons:

- Our tenants (and EN customers) are in a lease-hold arrangement – versus a free-hold arrangement.
- Our tenants, or 'customers' – including when they are 'small' energy customers - can be large multi-national organisations and organisations with hundreds of stores. They are not 'vulnerable' by any measure, or to any extent like vulnerable residential customers.
- Our leases are heavily regulated, which includes how common-mall area costs and outgoings are disclosed, forecast, and audited on an annual basis.
- Our centres are public locations, and 'discoverable' in terms of their operation and registration.
- Our members have a proactive engagement with relevant regulatory and compliance issues, including through the SCCA.

CONTACT

I'd be happy to discuss this issue, as needed.