

# Review of the AER exemptions framework for embedded networks

Issues paper

Stakeholder information session – 13 December



# Acknowledgement of country

Jordan Tasker, Director, AER Policy branch

# Agenda for today

Item	Presenter
Welcome and housekeeping	Jordan Tasker, Director, AER policy branch
Introduction	Jim Cox, Deputy chair, AER
Context for the review, consultation issues	Simon Kidd, Assistant Director, AER policy branch
Initial questions	
Industry perspective	Andrew Nance, Director, The Energy Project
Consumer perspective	Jemima Mowbray, Policy and Advocacy Manager, Tenants Union of NSW
Q&A with the Review team and presenters	
Closing remarks	Jim Cox

# Introduction

Jim Cox, Deputy Chair, AER

# Context for the review, consultation issues

Simon Kidd, Assistant Director, AER Policy branch

# Today's session

## Context for the review

- embedded networks and the changing landscape

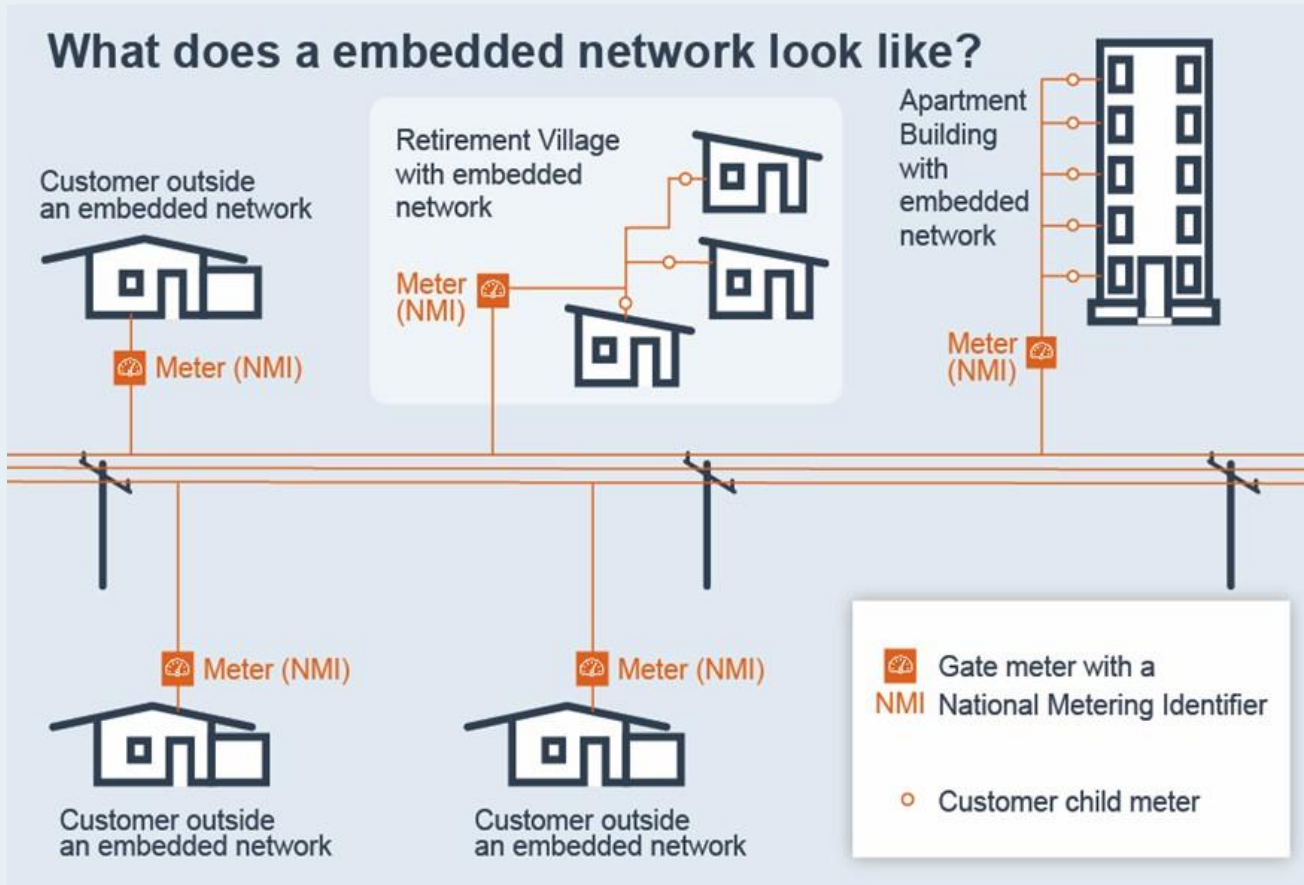
## Scope

## Issues paper – key issues overview

- Harms
- Benefits
- Policy options

## Next steps

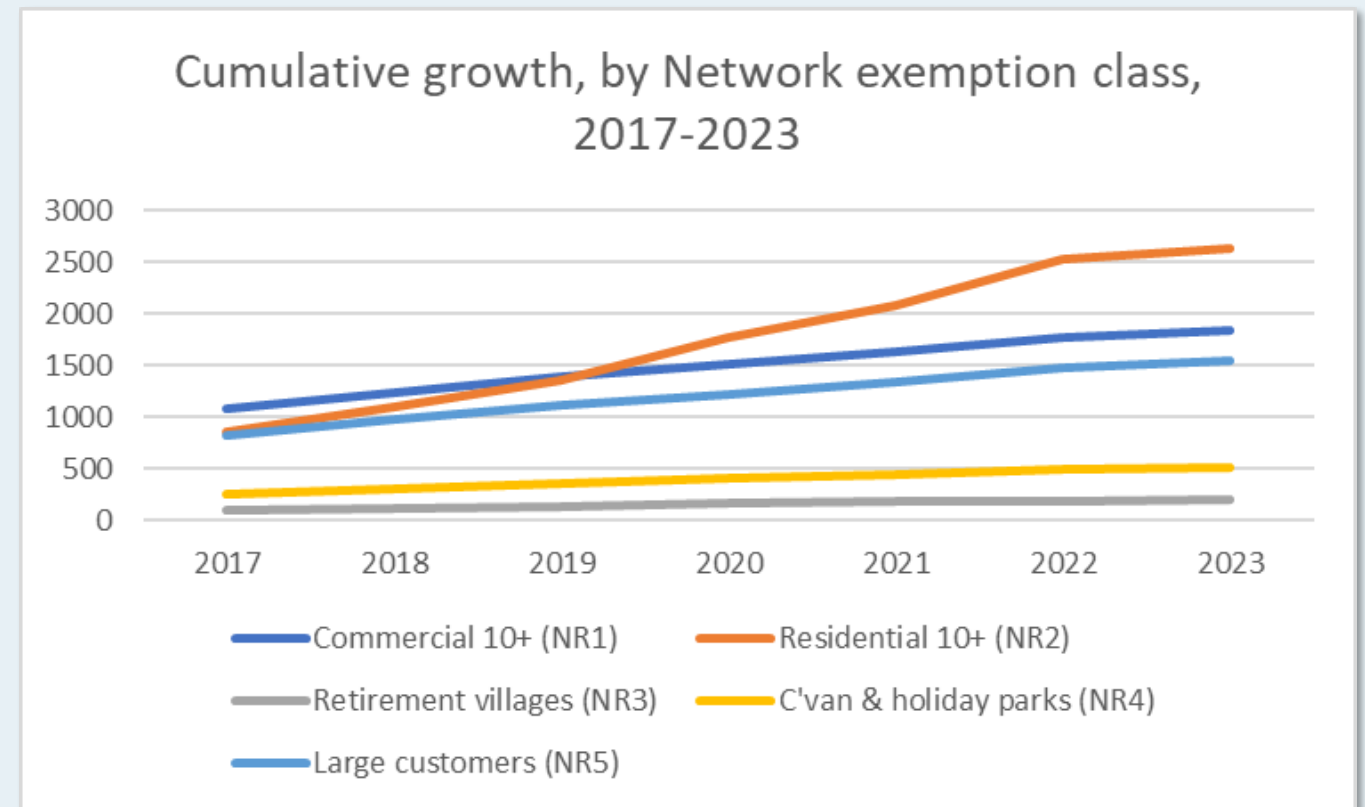
# Context – The AER’s role in embedded networks



- Private energy networks
  - Apartments, caravan parks, retirement villages
  - Shopping centres, business parks
- AER regulates via the **exemptions framework**
  - *Network Exemptions Guideline*
    - Setting up and operating embedded networks
  - *Retail Exempt Selling Guideline*
    - Consumer protections

# Context - The changing embedded network landscape

- Significant growth
  - residential networks with 10+ customers
- Drivers?
  - Shift to multi-occupancy dwelling
  - New business models
  - Emergence of embedded networks as BAU
- Limited data on customer numbers
  - AEMC ~ 1 in 10 electricity customers





# Why are we reviewing the exemptions framework?



Our objectives for this review:

- Better understand the harms, risks and benefits of embedded networks
- Determine whether there is a case to take action through our guidelines

*Our review will take into account the findings and recommendations from other recent reviews*

# Scope

## In scope

- Issues we can address through our Retail and Network Guidelines
- **Supply** of embedded networks for larger (10+) residential apartments (the 'NR2' class)
- Improving compliance, performance monitoring, & family violence protections for all residential customers (including, caravan parks and retirement villages).

## Not in scope

- Bulk hot/chilled water – not “sale of energy”

## Stakeholder views

- **Is our proposed review scope reasonable?**
  - If not, what other supply arrangements should be considered and why?

# Issues paper – understanding the benefits

- Reviews have noted there can be benefits
  - Energy costs
  - Building & infrastructure efficiencies
- Unclear to what extent any/all EN customers are receiving these benefits

- **Do ENs facilitate lower energy prices for residential customers, or other benefits?**
- Information that would help us:
  - Evidence of low customer bills, relative to standing offers/the DMO price
  - Pricing information from sellers & service providers
  - Case studies and information showing how customers receive price & non-price benefits

# Issues paper – understanding harms & risks

- Barriers to retail competition & monopolistic pricing
- Access to concessions, rebates & hardship support
- Consumer protections
- Transparency & accountability
- Proximity – power imbalance

- **How severe, and how prevalent, are the harms faced by EN customers?**
- Information that would help us:
  - Evidence of high customer bills, relative to the market and standing offer/DMO
  - Case studies and information showing examples of harmful outcomes

# Policy options – Network exemptions guideline



## Should we:

- increase transparency? e.g.
  - require registration for all exemptions
- confirm benefits & limit harms?  
e.g.
  - stricter registration criteria
  - allow ENs only where there are benefits
  - cease granting some exemptions

- **What are the risks and implications for service providers, customers and others?**
- Other options?
- Information that would help us:
  - Case studies & detailed information about the impacts, such as impacts on building cost and time, and administrative workload.

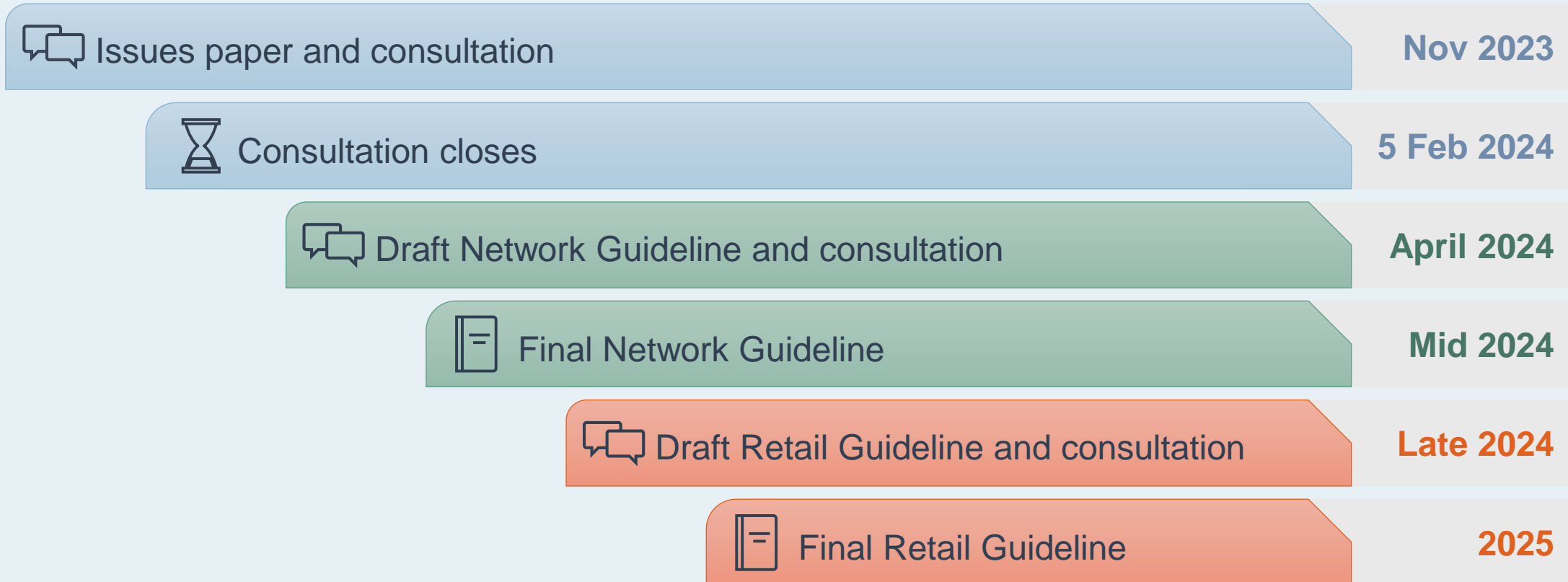


## Should we:

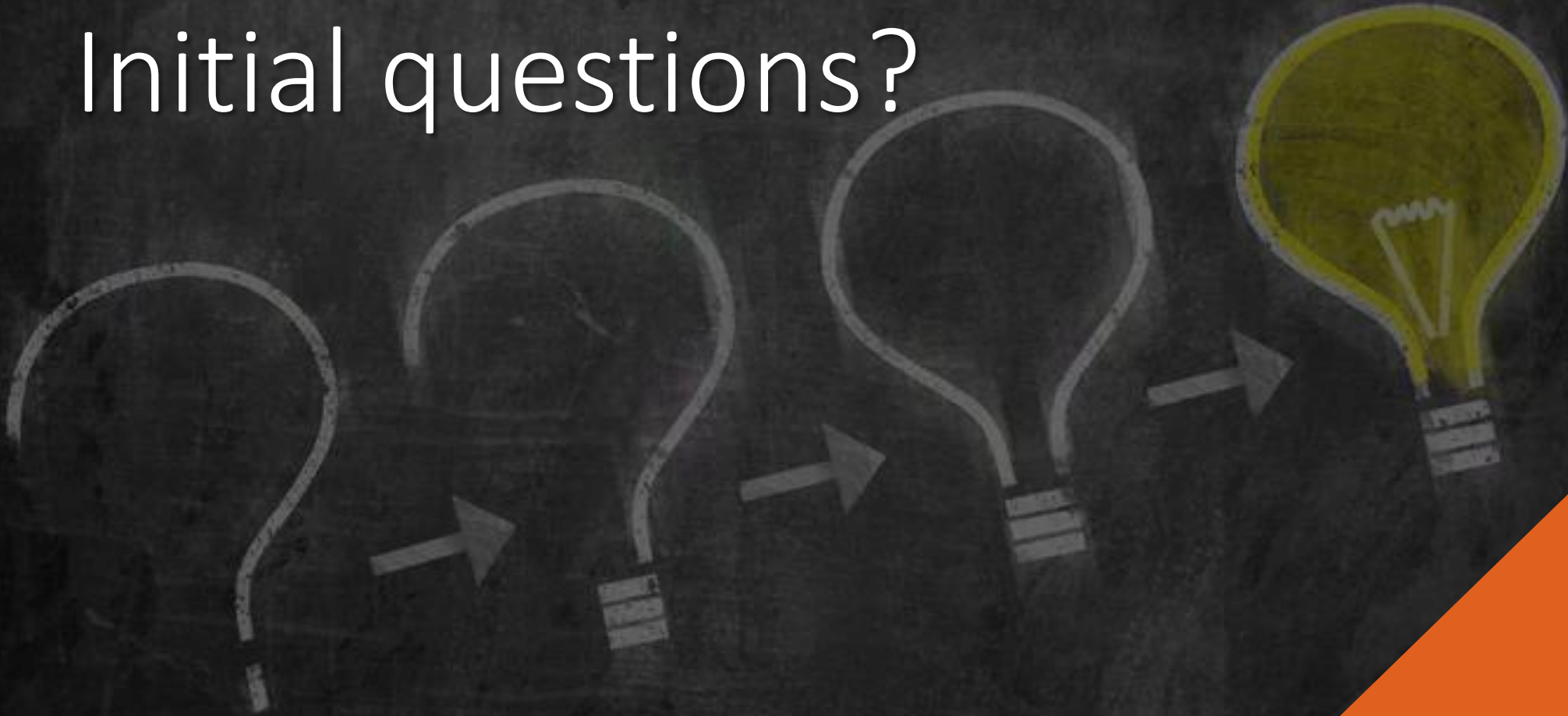
- Increase transparency?
  - E.g. compliance & performance reporting obligations
- Further strengthen protections:
  - E.g. family violence obligations on sellers

- What are the risks and implications for service providers, customers and other relevant third parties?
- Other options?
- Information that would help us:
  - Case studies and detailed information about the impacts, such as impacts on building cost and time, and administrative workload.

# Indicative timeline



# Initial questions?





Ask a question - [slido.com](https://slido.com), code #1634067

# Industry perspective

Andrew Nance, The Energy Project

Ask a question - [slido.com](https://slido.com), code #1634067

# Consumer perspective

Jemima Mowbray, Tenants Union of NSW

# Q&A with the Review team and presenters



# Closing remarks

Jim Cox, Deputy Chair, AER

# Thank you

Contact: [AERExemptions@aer.gov.au](mailto:AERExemptions@aer.gov.au)