

9 February 2024

AER Exemptions Review team
Australian Energy Regulator
NSW 2000
Endorsing letter, provided with PIAC submission

Dear AER Review team,

Submission to the Review of the AER Exemptions Framework for Embedded Networks.

The Tenants' Union of NSW welcomes the opportunity to provide this brief feedback for the review of the AER Exemptions Framework for Embedded Networks.

The Tenants' Union of NSW is the peak body representing the interests of renters in New South Wales. We are a Community Legal Centre specialising in residential tenancy law and policy, and the main resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs) in New South Wales. We have long-standing expertise in renting law, policy and practice. The TAAS network assists more than 35,000 NSW renters each year - including those renters most likely to find their energy or other utilities provided through an embedded network such as renters in strata in the private rental market, and residents of land lease communities.

An increasing number of renters find themselves customers of embedded networks. Embedded networks are becoming increasingly common for renters living in residential apartment blocks - mostly strata communities. As the numbers of people living in multi occupancy dwelling properties (strata properties) is set to increase substantially in coming years, we anticipate the number of renters in strata who have energy supplied through an embedded network will continue to grow. Similarly, though at a smaller scale, the residential land lease communities industry in NSW is expanding.

However, despite a number of reviews of the regulatory arrangements for embedded networks our current regulatory systems leaves consumers of embedded networks in a weaker position compared with consumers on standard supply contracts. They often find themselves locked into uncompetitive pricing arrangements, and generally have access to considerably less information and fewer protections. As such, we welcome the AER's review and their close consideration of current regulatory settings and whether the current exemption framework in place is delivering equitable, fair access to energy and the protections and supports consumers in embedded networks need. Along with PIAC, we congratulate the AER for the work undertaken through its *Towards Energy Equity* strategy to

reduce the harms created or exacerbated by our energy system, and ensure appropriate consumer protections and supports are in place.

We have had the benefit of reviewing the submission prepared by the Public Interest Advocacy Centre (PIAC). We wholly endorse and support their submission, and its recommendations. The comments and recommendations in the PIAC submission helpfully underscore the importance of the AER moving from simply identifying harms experienced by consumers of embedded networks, to taking action to address these.

We strongly support PIAC's feedback that the review must be broad enough to take account of and capture new forms of embedded networks that may in the future emerge. Also that the scope of the review should not exclude the following types of networks - ND3, NR3, NR4, hot water, and chilled water. We have specific experience supporting residents in Residential Land Lease Communities (Class NR4) in relation to a range of issues, including:

- **Charges and pricing** - problems in relation to pricing, including significant overcharging of residents,
- **Safety and supply issues** - poor sometimes unsafe infrastructure and fluctuations in supply, inability to install solar due to inadequate infrastructure
- **Hardship supports, dispute resolution** - inadequate protections and access to hardship supports and/or dispute resolution pathways,
- **Billing** - Problems with access to bills, and/or inadequate information about charges and usage.

Further information and some documentation relating to examples of RLLC residents' experience as consumers in embedded networks of poor infrastructure, billing, etc are attached to this letter.

While the number of consumers in Residential Land Lease Communities (and other network types) may be relatively smaller, they are a group of residents who often face a range of complex challenges and/or have age related vulnerabilities. The review must consider what actions or remedies are required for these consumers.

We would like to reiterate PIAC's emphasis on ensuring that embedded network operators seeking an exemption must be required to demonstrate benefits, and that these are passed through to consumers (vs provider or developer). Like PIAC, we support a regulatory approach as outlined in Option 4 in which a provider is required to apply for an individual exemption and that this is only be applied where the provider can demonstrate the network delivers clear benefits directly to the consumer. We also join PIAC to highlight the need for greater transparency, and data collection about existing and future embedded networks, including information identified by PIAC that will provide key indicators relating to consumer protections.

We strongly commend the AER for considering in their review how best to introduce family violence protections and extend available support to consumers in embedded networks. Along with PIAC we note that consideration must be given to how to address any barriers to

access that may arise due to the possibly more complicated relationship between a consumer in an embedded network and their provider. Where a provider is also the consumer's landlord, or the operator of a Residential Land Lease Community there may need to be additional strategies in place to ensure consumers are aware of and feel able to take up available protections.

Finally, in considering and developing their recommendations in relation to the AER's existing exemption guidelines we commend to the AER the following guiding principle expressed clearly within PIAC's submission, that the framework in its approach prioritises ensuring everyone has equitable access to safe, reliable and affordable energy, no matter where they live, or whether they own or rent their home.

If you would like to discuss any of the above, please feel free to contact me via email or directly on [REDACTED]

Sincerely,

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Tenants' Union of NSW
Email: [REDACTED]