

10 June 2022

Mr Mark Feather
General Manager, Strategic Energy Policy and Energy Systems Innovation
Australian Energy Regulator

By email: AERpolicy@aer.gov.au

Dear Mr Feather

Issues paper – Retailer authorisation and exemption review

Thank you for the opportunity to comment on the issues paper for the ‘Retailer authorisation and exemption review’

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

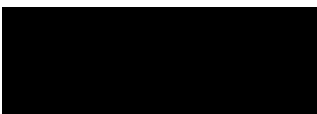
We have structured our submission to the issues paper as follows:

- Executive Summary, pages 2-6
- Response to the consultation questions, pages 7-25
- Consumer risk analysis from an AER business model perspective (‘business model analysis’), pages 26-31
- Consumer risk analysis from an EWON Consumer model perspective (‘consumer model analysis’), pages 32-42
- Case studies, pages 43-62 - the consumer perspective

We did not anticipate a 62-page submission – the AER’s comprehensive issues paper has explored key consumer issues which warrant an equally comprehensive response. Further, the nature of the consultation questions led to some repetitiveness in our response – the Key Issues: Executive Summary is included to bring focus to those issues of most concern to EWON.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on [REDACTED].

Yours sincerely



Janine Young
Ombudsman
Energy & Water Ombudsman NSW

Key Issues: Executive Summary

The essentiality of energy

This review aims to assess the adequacy of the current energy consumer protection framework in the context of a transitioning energy market. The AER notes that the policy rationale behind the creation of the NECF is that the essential nature of the supply of energy requires additional protections beyond those afforded by general consumer protection law. Therefore, the outcome of this review hinges on the definition of ‘essentiality’.

The AER has defined essentiality in the energy context as the ‘provision of vital daily needs in modern life such as lighting, heating, cooling, refrigeration and the operation of appliances and electronics. However, the AER has also identified the risk that new services may impact on the essentiality of energy supplies for consumers – particularity due to the interlinkages between new energy services and customers’ essential energy supply, and the interrelationships between the energy providers the consumer is engaged with.

We have provided analysis of the complaints we receive **now** from customers who have purchased distributed energy resources (DER), like rooftop solar, and those engaging with new energy services, such as virtual power plants.

Our analysis, contained in attachments 2 and 3, and the case studies provided in attachment 4, highlight that when things go wrong for these customers, it is not possible to simply separate out the consumer issues for what could be viewed as being ‘non-essential’ energy services from the ‘essential’ energy services.

Put simply, the interrelationship and interlinkages between traditional and new energy services are such that the regulatory framework must be designed to adequately protect customers for problems that occur on both sides of the connection point.

Put even simpler, energy is more essential now than it was in the past as it touches on so many aspects of our lives.

Further, essentiality needs to be considered very carefully. In the issues paper, it is espoused that electric vehicles are not an essential item given there are substitute products. An energy customer residing in inner Sydney or Melbourne may agree – but ask any customer who resides in the outer metropolitan suburbs about the frequency and reliability of public transport, and they would have a very different view. Travel further into regional, rural or remote areas, and customer views would be even more critical of the view espoused in the Issues Paper.

While the Australian Consumer Law (ACL) and the National Energy customer Framework (NECF) most often work in the way they were designed – gaps in consumer protections have already emerged and will gain momentum with the increase in the number of different providers, and different types of energy services, that supply our homes. Analysis in attachments 2 and 3, highlight the current and emerging consumer protection gaps.

External dispute resolution for energy consumers

EWON has recently published Spotlight On ‘Dispute resolution in the evolving energy market’:

While the Issues Paper is focused on what is needed in the future, this report focuses on the dispute resolution journey that energy consumers are experiencing now – **the energy sector transition is here.**

EWON already investigates and most times, but not all times, resolves complaints from small business and residential energy customers in NSW that are engaged with DER products and new energy services. In the evolving energy market, new energy products and services are increasingly leading to consumers dealing with multiple service providers and multiple consumer frameworks. This means that when things go wrong, some energy consumers now need to access multiple external dispute resolution (EDR) schemes to resolve a single complaint – and not all provide individual complaint redress and resolution.

Effective EDR is critical for maintaining consumer trust in our essential energy services. Further, it is a critical mechanism for identifying what is not working for consumers. Access to free, fair and independent EDR must therefore keep pace with evolving energy technologies and business models.

As the consumer protection framework for energy is reviewed, consideration should be given to whether it is fit for purpose in an evolving market. Consumers must continue to have access to the full suite of consumer protection components provided under NECF including one stop shop EDR which deals with emerging risks, known and unknown, from new energy services.

Senior staff from other Ombudsman offices and energy retailers, who have had experience resolving complaints in the finance, telecommunications and energy sectors have shared, including during Consumer Data Right discussions with Commonwealth Treasury, that energy is different; it is extremely complex, and it creates significant customer confusion. This view was shared well before today's transition, and the introduction of even more entities across the energy supply chain.

We all have a role in reducing, not increasing the complexity and confusion customers experience when trying to identify energy products and services which meet their needs – navigating through complexity should not continue to be imposed on consumers.

Risk analysis from an AER business model perspective ('business model analysis')

We have provided additional detail to the AER business model analysis using EWON complaints to identify further potential consumer harms that relate to new energy services. Our feedback is contained on pages 26-31

EWON supports the work the AER has already done in assessing the risk posed by new energy services. But there are limits to the insights that can be gained from simply looking at potential business models and consumer archetypes.

To further inform this discussion, we have looked at existing complaints from customers engaging with DER products and new energy services to help us identify and assess some of the emerging consumer risks.

Consumer models based on the types of DER services that consumers are engaging with now are evident. This is a very different from the AER's approach, in that it is focused on what retail and behind the meter services customers are using, and what they experience, rather than on business models that work in theory but do not test consumer experience.

An assessment of consumer risks posed by new energy services based on consumer models rather than business models is outlined on pages 32-42.

Risk analysis from a consumer model perspective ('consumer model analysis')

EWON has provided analysis of the risks posed to consumers by new energy services, based on the Energy Security Board (ESB) consumer risk assessment tool. This analysis is provided as an alternative to the AER approach and focuses on the consumer rather than on energy providers business model. EWON's consumer models are defined below with related analysis contained on pages 32-42

1. **Rooftop solar system consumers:** Consumers engaging with well-established Distributed Energy Resources (DER) technologies, such as rooftop solar PV systems. The number of consumers engaging with these technologies has steadily increased over the last two decades and these technologies, and how those technologies interact with the retail energy market has come with a new set of consumer issues. New technologies have also led to an increase in entities that consumers engage with to obtain energy services, such as solar retailers and lenders, which leads to further complexity for customers navigating the energy market.
2. **'Locked out' of DER 'ownership' consumers:** many consumers will remain 'locked out' of DER ownership; with some but not all, accessing DER on a non-ownership basis. There are a range of barriers preventing DER ownership, such as the type of home the person lives in, tenancies or strata complexes, language / complexity, or the cost of DER technologies may simply be out of reach for some consumers. Some of these consumers may find ways to engage with DER services through alternative non-ownership channels. For example, consumers may seek to benefit from DER technologies through a solar power purchase agreement (SPPA). These alternative DER business models and consumer contracts will bring about new complexities and specific consumer issues that will need tailored protections.
3. **Electric vehicle consumers:** Electric vehicle ownership, and the infrastructure required for charging a vehicle at home, will be just as closely linked to a consumer's other energy services as a household battery, inverter or rooftop solar panel. As ownership of electric vehicles increases, so will the offerings available on the retail energy market. When things go wrong, the added complexity of electric vehicle charging will mean that it will not be possible to simply separate this issue out from the household energy bill.
4. **Data services and home energy management systems consumers:** consumers engaged with DER technologies and new energy services place a high priority on the data services and home energy management systems that are delivered to them alongside their energy services. Customer's that have DER technologies, or purchase DER technologies from an energy retailer or solar retailer, are also offered data services or management systems that will help maximise the benefits they receive. There are no consumer protections that place minimum standards on the data services provided to consumers, such as how customers are informed about estimated data or if these services fail. The Consumer Data Right (CDR) will not regulate these services - consideration must be given to some basic standards for these services.
5. **Aggregator or virtual power plant consumers:** The added complexities for consumers that engage with providers to buy energy for household use as well as trade the energy they generate from DER technologies is demonstrated through EWON case studies. These consumers face even more complication when multiple entities are involved providing different aspects of the consumers energy service. The central point that must be taken from EWON case studies is that when things go wrong, you cannot simply separate out a dispute about energy consumption from the problems that have occurred with the energy generated and traded by the consumer. Equal consumer protections are needed for the provision of energy to the consumer's home and the energy exported back the grid and traded on behalf of the customer.
6. **Electricity embedded Network consumers:** Consumer issues facing embedded network customers are well known, and recommendations have been made by the Australian Energy Market Commission (AEMC) to helps address some of the problems. Consumers reliant on energy supported essential services including air conditioning and hot water without being

provided with the same consumer protections as consumers in the mass market. In the future, consumers that enter non-DNSP run microgrids may / will experience similar consumer issues.

7. **Gas embedded network with centralised hot water consumers:** consumers reliant on heating, cooking and hot water which is considered to comprise 30-40% of their household budget, but without energy specific consumer protection as they are charged by litres of hot water consumed and not the energy used to heat the water.

The fragmentation of essential energy services in embedded networks – including gas embedded networks with centralised hot water services

The rise of embedded networks has seen a corresponding rise in separate billing for services such as centralised air-conditioning and centralised hot water. These services, despite their main input costs being energy, are treated by the exemption framework as being outside the National Energy Consumer Framework (NECF).

Even if services such as centralised air-conditioning and hot water are not currently legally defined as being energy services, these services clearly meet the AER's definition of being essential – as heating and cooling services. These services should attract the same level of consumer protections as customers connected to the grid using gas/electricity for heating and electric cooling. Critically, customers living in embedded networks often do not have a choice about whether to open accounts for these services. The accounts are interlinked with the general supply of electricity and gas, and their imposed embedded network provider also manages the account for the customer's energy supply.

NSW is currently observing a growth in residential gas embedded networks, a process which commenced in 2015 when the gas distributor, Jemena Gas Networks (JGN), introduced a network tariff designed for boundary metering at large developments. EWON was alerted to this trend through complaints from gas embedded network customers. Typically, these embedded networks provide unmetered gas for heating and cooking, and gas for heating hot water. Hot water meters are used to calculate how much energy (gas) the customer is consuming.

As centralised hot water and air-conditioning services provided to residential customers are currently deemed not to meet the definition of energy under NECF, providers and networks do not need to register these services and there is no transparency on the number of customers engaged with these services or the prices they are paying.

This can be addressed if a new class exemption is created which requires embedded network operators on-selling gas (and measured with a hot water meter) to register for an exemption. The AER has recently made a draft determination for version 6 of the Exempt Selling Guideline and advised the sale of bulk chilled or hot water is unlikely to constitute the sale of energy for the purposes of the Retail Law, and therefore class exemptions cannot be created for these kinds of services.

While EWON understands that embedded network operators are billing customers for the hot water used (\$/L) rather than the gas consumed (\$/MJ or kWh), we do not consider this to be an accurate representation of the service provided to customers. Based on complaints investigated by EWON, there are no indicators / supporting information that hot water is a bundled product (water + energy) which is separate from the sale of energy. Further, there is no evidence that the embedded network operator is buying the water that is used in the centralised hot water system – which means customers are simply paying for the energy used to heat the water.

These services are essential, and customers of gas embedded networks should benefit from the same consumer protections that other retail energy customers are entitled to, including:

- rights to access energy services and obligations to offer supply
- informed consent requirements
- dispute resolution procedures
- minimum contractual standards
- minimum requirements for billing, tariff, and payment
- protections for customers at risk of financial vulnerability
- protections for disconnection and reconnection.

Our response to the issues paper

Detailed feedback on the issues paper and the AER analysis of consumer risks from new energy services are outlined as follows:

- Response to the consultation questions, pages 7-25
- Consumer risk analysis from an AER business model perspective ('business model analysis'), pages 26-31
- Consumer risk analysis from an EWON Consumer model perspective ('consumer model analysis'), pages 32-42
- Case studies, pages 43-62

EWON response to consultation questions

Consultation questions for section 4

| Consultation questions for section 4 | | EWON Response |
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| 1. | Do you agree with the approach of using use cases/business models to identify the harms and risks of new energy services and products? Please explain why. | <p>EWON supports the work the AER has done to explore the emerging consumer risks posed by new energy services.</p> <p>EWON’s extensive analysis of the consumer risks posed by new energy services is based on the lived experience of customers who have registered complaints with EWON about behind the meter services, new technologies, and emerging business models. The issues identified provide unique insights about the harms and risks which new energy services and products which exist today and will increase in the future.</p> <p>The AER’s approach of using business models to assess consumer risk is understandable given that the exercise is to determine how to appropriately regulate new energy services. However, a focus purely on business models will result in regulatory reform being based only on the needs of businesses, operators and providers.</p> <ul style="list-style-type: none"> • Keeping the customer at the centre of our national energy framework is critical. EWON has taken this approach as outlined in Analysis of the risks posed by new energy services based on consumer models (pages 32-42). <p>EWON’s approach of using consumer models draws on analysis of the complaints we already receive about traditional behind the meter services, and current and emerging new energy services, and using these to explore future risks and what consumer issues currently lack adequate protection.</p> <p>You will find our contribution to the AER analysis, and the details of our own approach to analysing the consumer risk in sections:</p> <ul style="list-style-type: none"> • Risk analysis from an AER business model perspective (‘business model analysis’) pages 26-31. • Risk analysis from an EWON consumer model perspective (‘consumer model analysis’) pages 32-42. |
| 2. | Do you consider the use cases/business models appropriate to assess the harms and risk of new energy services and products? In particular: | |

| Consultation questions for section 4 | | EWON Response |
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| 2 a. | What, if any, changes should be made to the use cases/business models set out in this issues paper? | Business models need to be recognised as only half of the picture – customer service models are the other half. To explain this, we have conducted a review of complaints received by EWON that involve behind the meter services, new technologies, based on emerging business models. We have used the insights gained from these complaints to add to the analysis done by the AER (business model analysis, pages 26-31). |
| 2 b. | Are there any other use cases/business models we should consider? Please provide examples. | <p>EWON’s analysis of consumer risks through applying the ESB tool to consumer service models highlights key differences from the AER analysis (consumer model analysis, pages 32 - 42):</p> <ul style="list-style-type: none"> • consumers are strongly relying on the data services and energy management systems that are provided by energy retailers, and other energy businesses specialising in behind the meter services. While the Consumer Data Right (CDR) is currently being rolled out for the energy sector – it must be recognised that the CDR focuses on a customer’s right to access data, and not on how the provision of data services might impact delivery of energy services to consumers. The complaint case studies highlight how customers perceive the interlinkage between energy supply and the delivery of promised data services. • EWON analysis also explores the services engaged by customers using existing ‘traditional’ DER products such as rooftop solar systems and the consumer issues that emerge when these products and services interact with the retail energy market. • Many consumers are ‘locked out’ of traditional Distributed Energy Resource (DER) services and the types of consumer issues that emerge from these business models and services must be taken into account for this consumer group. • Bundled services provided by a single energy retailer require consumer protections which consistently extend to all involved energy services i.e. behind the meter services, energy supply, and the rewards for trading the customer’s energy exports. • Fragmentation of energy supply into unregulated building services requiring customers in embedded networks to open accounts for separately managed air-conditioning and hot water services, alongside gas and electricity accounts. Whilst the central input into these services is energy – the AER’s draft determination for the exempt selling guideline is that services like these cannot be regulated as energy services. The AER has defined ‘essentiality’ as the provision of vital daily needs in modern life such as lighting, heating, cooling, refrigeration and the operation of appliances and electronics. Even if services such as air-conditioning and hot water cannot be legally defined as energy services, these services clearly meet the definition of essential – and should attract the same level of consumer protections as our standard grid connected energy supply. |
| 3. | Do you consider any of the use cases/business models | EWON’s risk modelling (consumer model analysis, pages 32 - 42) and case studies of consumer complaints about existing DER products and new energy services (case studies, pages 43 - 62) highlight that many of the different energy services |

Consultation questions for section 4

EWON Response

outlined to be essential in the same way as the traditional supply of energy arrangement is? If so, what is the appropriate level of consumer protections that should be applied to these products and services? Please explain.

available to customers are bundled, and that there are strong interlinkages between a customer's energy supply and the other new energy services they consume.

Case studies 5, 21, 22, and 23 highlight how a customer's right to request a review of their energy bill or dispute the services delivered under their energy plan can be confused or even weakened when the customer's contract for energy supply is bundled together with the delivery of DER products and new energy services¹. If the application of the National Energy Customer framework (NECF) remains restricted only to consumer protections relating to the supply of energy at the customer's connection point, then this framework will not be fit for purpose for future energy consumers.

Providing all energy consumers with access to free and independent external dispute resolution (EDR), is also critical. Access to effective EDR will also help mitigate the risks faced by consumers engaging with new energy services – risks including access to energy, switching providers, access to information and consumers experiencing vulnerability. EDR that was designed to work under NECF is requires expansion to deal with the new consumer issues relating to new energy services. Comprehensive consideration of how EDR will work in an environment where new energy services are frequently bundled and interlinked with traditional energy services must be made as part of this reform process.

EWON, EWOV, EWOSA and EWOQ have been working on this for some time now, involving all relevant regulators and governments – and we will continue this work.

Wherever new energy services are marketed, contracted and billed alongside the general supply of energy to the customer's home, the consumer protections contained in NECF should extend to these services. Where a behind the meter service is seemingly provided as a separate service, such as a solar power purchase arrangement, the consumer issues around marketing, contracting, affordability and billing are frequently the same, and customers should have access to the same or substantially the same NECF protections. Where customers are engaged with a separate behind the meter service, the contract can often lock a customer in for long periods with very high exit fees. In this situation, adequate consumer protections around contracts, marketing, affordability and billing remain critical.

¹ Rule 20, National Energy Retail Rules (NERR), Part 4, National Energy Retail Law (NERL)

| Consultation questions for section 4 | | EWON Response |
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| | | In our response to question 2, we highlighted the emerging consumer issues caused by the fragmentation of energy supply into unregulated building services. We have also highlighted the need for adequate regulation of gas embedded networks and the heating and hot water services provided in these buildings. Consumer protections should be introduced for consumers in gas embedded networks that are equal to those for grid connected energy customers. |
| 4. | How do you see new energy services and products interacting with the essential nature of the supply of energy? | <p>As noted in our response to question 3, EWON’s risk modelling and case studies of consumer complaints about existing DER products and new energy services highlight that many of the different energy services available to customers are bundled, and that there are strong interlinkages between a customer’s energy supply and the other new energy services they consume.</p> <p>Our complaint case studies show that when things go wrong with new energy services, the problem can impact on the management of a customer’s main source of energy supply. The case studies also highlight that while some new energy services are deemed not as essential as the customer’s main source of energy, it is very difficult to separate the billing, or provision, of these services when disputes are raised. This is why consumer protections that have always been applied to energy customers, should be extended to new energy services, particularly, where these services are bundled together with contracts for the customer’s main source of energy. We also call for energy specific EDR to be made fit-for-purpose for new energy services.</p> <p>Risk analysis and case studies also show that where consumers are purchasing and operating DER products, the way the products are marketed, installed and operated, impact on the customer’s interaction with their retail energy services. While the ACL is appropriately designed to protect customers who are purchasing these systems, gaps are emerging in dispute resolution for energy consumers as customers are unable to go to once place to resolve energy disputes. Our recently published Spotlight On report discusses these issues in more detail: https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/dispute-resolution-in-the-evolving-energy-market.</p> |
| 4a. | Please specify which types of new energy services and products may substantially impact the supply of energy to a premises | EWON’s risk modelling (consumer model analysis, pages 32 - 42) provides seven consumer models, with corresponding case studies, which highlight how the different new energy services engaged in by customers impact on their traditional energy supply. |

| Consultation questions for section 4 | | EWON Response |
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| 4b. | How do you think risks created by a new energy service or product on the supply of electricity should be addressed? Should they be treated the same as energy products and services considered essential? What factors should the AER take into account when considering what consumer measures are appropriate and proportionate? | <p>As noted in our response to question 3, when things go wrong with new energy services, which then impact on the billing and supply of the customers essential energy supply, it is not simple to just separate out the consumer issues into 'essential' and 'non-essential'. On this basis, our idea of essentiality needs to keep pace with emerging energy services and the consumer issues must be treated as strongly interlinked with the customer's traditional energy supply.</p> <p>EWON's risk modelling (consumer model analysis, pages 32 - 42) suggests that some of the consumer protections in NECF should be extended to new energy services, and in some cases new consumer protections should be tailored for emerging risks and harms.</p> |
| 5. | Do you agree with the proposal to take into account the need to encourage the uptake of DER-based energy services and products when considering what measures are appropriate to address or mitigate potential harms and risks? Please explain why. | <p>Yes. Our recently published Spotlight On report² explores the issue of consumer trust in the energy market as a possible barrier to a growth in engagement with new energy services. Customer uptake of new and emerging technologies, products and business models will be impeded unless robust and future-proof consumer protections keep pace with energy market developments. To build and maintain this trust, consumers need proactive, not reactive protections – and this includes fit for purpose energy specific EDR. Customers tell us that they want a straightforward energy EDR journey - but this is not the journey that customers that engage with DER and other new energy services are experiencing now.</p> <p>Dispute resolution is recognised as key a risk for consumers engaging with new energy services, but if consumers are given access to effective energy specific EDR, this will also act as a key protection that will significantly mitigate the other risks faced by consumers around access to energy, switching providers, access to information and risks to consumers experiencing vulnerability.</p> |
| 6. | Do you consider that issues may arise if retailers continue to bear the burden of | To describe regulatory responsibilities as a burden is starting from a position of acceptance that there is the potential of consumer detriment in provision of energy / energy services. A better approach would be for energy service providers to design end-to-end consumer benefit into their products / services. |

² <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/dispute-resolution-in-the-evolving-energy-market>

| Consultation questions for section 4 | | EWON Response |
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| | regulatory responsibilities set out in the NECF? Should this review consider where traditional regulatory responsibilities belong under the consumer protection framework to ensure it is appropriate for an energy market with both traditional and new energy services? Please give reasons for your views | <p>Until that occurs, the level of consumer protections should not be decided based only on the business model i.e. traditional regulatory responsibilities. New energy business models need to be explored to identify what consumer detriment may emerge from those models and relevant consumer protection must be provided. Consumer protections should account for the essentiality of the energy service being provided; how interlinked that service is with the customer's main energy source and consideration of the types of detriment/disputes that might arise from the provision of that service.</p> <p>Regulatory responsibilities should lie with entities causing consumer detriment and not be borne by traditional energy retailers where other entities cause the detriment</p> |

Consultation questions for section 5.3

| Consultation questions for section 5.3 | | Suggested EWON Responses |
|--|---|---|
| 7. | Are the current authorisation and exemption frameworks fit for purpose? | |
| 7 a. | What risks do you see with the current frameworks? | <p><u>Authorisation Framework</u> White label retailers and white label brands: consideration should be given by the AER as to whether a mechanism is introduced for reporting on, or registering, white label brands or white label retailer arrangements. White labels in the energy market currently operate in the following circumstances:</p> <ol style="list-style-type: none"> 1. where an authorised energy retailer sells energy to a customer under a different brand but the services provided to the customer are all managed by the authorised retailer. 2. where an unregulated energy company sells energy to a customer and provides all retail services, but an authorised energy retailer offers allows the unregulated entity to operate under its authorisation. |

Authorised retailers on-selling within embedded networks: Authorised energy retailers are selling energy to a growing proportion of off-market customers. In an off-market situation, the rules contained in the exemption framework no longer applies if the seller already has a retail authorisation. In this situation, some of the rules contained in the National Energy Retail Law (NERL) and National Energy Retail Rules (NERR) no longer work, because they are written around the obligations of a Financially Responsible Market Participant (FRMP) – for example the retailer’s obligation to make a standing offer to a customer³.

Authorised retailers bundling retail contracts with behind the meter services: Energy retailers are also offering a range of DER and new energy services to customers – some which require exemptions such as SPPA agreements. Consideration should be given to what consumer protections might be put at risk for consumers that are entering into energy plans with authorised retailers that bundle together the supply of energy with additional behind the meter services. EWON’s Spotlight On ‘*Dispute resolution in the evolving energy market*’ highlights the issues for EDR when multiple energy services are being provided to consumers⁴.

Exemption framework

EWON’s 2020 Spotlight On ‘*Embedded networks - it's time for change*’⁵ highlighted a number of the issues that we had identified after comprehensive analysis of complaints and consumer issues arising from embedded networks in NSW.

The definition of ‘Selling energy’: unresolved since releasing this report is the issue of for-profit energy companies structuring their business so that they can operate as an unregulated agent rather than applying for a retail authorisation.

The rapid growth of embedded networks from 2012 coincided with an equally rapid growth in the number of companies whose core business was providing retail services to customers living in them. The current exempt selling guideline explains that entities must only obtain an authorisation or exemption if they purchase the energy at the parent connection point for the embedded network. There are now multiple examples of energy businesses that have structured their contractual agreements with strata corporations so they can operate as a billing agent under the AER guideline, while maintaining full control over the energy retail services provided to their customers. This means entities controlling the energy services in a building have avoided the requirement to obtain an authorisation or exemption for their activities. This business structure also places the regulatory burden of being the registered exempt seller and network onto the strata corporation which generally comprises volunteer committee

³ Section 22(2), NERL

⁴ <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/dispute-resolution-in-the-evolving-energy-market>

⁵ <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/embedded-networks>

members whose understanding of energy is limited – who are required to make complex energy related decisions on behalf of all residents, while also being some of those residents and customers of the energy business.

Whilst many of the ‘agents’ that first operated in the NSW embedded network sector have now obtained authorisations from the AER, we still see examples of exemption holders that control multiple sites without applying for an authorisation and the risk of billing agents controlling retail services within embedded networks still remains.

The fragmentation of energy supply into unregulated building services: The rise of embedded networks has seen a corresponding rise in separate billing for services such as centralised air-conditioning and centralised hot water. These services, despite their main input costs being energy, are treated by the exemption framework as being outside the consumer protections contained in NECF.

The AER issues paper defines ‘essentiality’ in the energy as the provision of vital daily needs in modern life such as lighting, heating, cooling, refrigeration and the operation of appliances and electronics.

If we follow this definition, customers who are required to open separate accounts for air-conditioning and hot water services should be entitled to the same consumer protections that apply to the billing and provision of energy services. This sentiment is reflected in the importance the wider community, and energy industry, give to air conditioning and hot water appliances. Air conditioning (heating/cooling) and hot water (heating) are often quoted as in the top two contributors to the household energy budget⁶. On one of our network members websites, hot water is described as making up 37% of the total energy consumption, while heating and cooling (like air-conditioning) makes up 22% of the household’s energy consumption⁷. While the AER has made a draft determination that it is unlikely these services would be defined as energy for the purpose of the NERL, it is clear that these services are essential and require adequate consumer protections.

EWON’s contribution to the AER business model analysis, pages 26 - 31, and our own consumer model analysis, pages 32 - 42, includes centralised air conditioning and centralised hot water services as part of our consumer risk assessment. These are supported by case studies which highlight that customers with accounts for separate air conditioning services and/or hot water services encounter the same consumer problems around contracts, billing and affordability that occur for traditional energy customers.

⁶ <https://twitter.com/energygovau/status/1073418478609022977> ;

⁷ <https://www.ausgrid.com.au/energytips>

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| | | <p>The growth of gas embedded networks in NSW: NSW is currently observing a growth in residential gas embedded networks, a process which commenced in 2015 when the gas distributor, Jemena Gas Networks (JGN), introduced a network tariff designed for boundary metering. EWON was alerted to this trend through complaints from gas embedded network customers.</p> <p>EWON’s 2021 Spotlight On <i>Hot Water Embedded Networks</i>⁸ highlights these issues. EWON has also made several submissions to the Australian Energy Market Commission (AEMC), the NSW state government and the AER about this issue. Our position on this issue is summarised in the Key Issues Executive Summary.</p> |
| 7 b. | What consumer protections do you think are missing from the frameworks? | <p>We have detailed the consumer protections which are missing from the current authorisation and exemption frameworks when answering specific questions. In summary, NECF protections need to be expanded to cover current (traditional and embedded supply and sale of energy) and new and emerging energy / DER products and services.</p> <p>This position is supported by risk analysis of the AER business model analysis, EWON’s consumer model analysis, and case study sections of this submission.</p> |
| 8. | Is the point-in-time assessment for retailer authorisations and individual exemptions fit for purpose? Why/why not? | <p>EWON supports further review of the point-in-time assessment for retailer authorisations and individual exemptions.</p> <p>Consumers will remain at risk if authorised and exempt entities are able to change scope of their operations after approval. For example, we are aware of situations where authorised and exempt entities have failed to apply for EWON membership after they have obtained an authorisation/exemption and commenced operating (including marketing) in NSW.</p> <p>It is also possible for the nature of the authorised or exempt entity to change over time, which may impact on the organisational and technical capacity, the financial resources, or suitability of the entity to continue to hold an exemption or authorisation.</p> |
| 9. | How can we limit the risk of consumer harm when retailers or exempt sellers significantly expand/change business activities and capabilities after authorisation or exemption? | <p>Retailers and exempt sellers should be required to provide an annual self-report which advises either no change in its business activities / capabilities or changes to its business activities / capabilities that take it outside of its current authorisation / exemption boundaries and is accompanied with an application to extend its authorisation / exemption boundaries.</p> |

⁸ <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/hot-water-embedded-networks>.

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| 10. | How can the AER better address serious misconduct of authorised retailers and exempt sellers? | EWON is of the view that the AER's current compliance monitoring and enforcement powers are sufficient but acknowledges they may need to be expanded to take into account future structural authorisation / exemption changes. |
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Consultation questions for section 5.4 & 5.5

| Consultation questions for section 5.4 & 5.5 | | Suggested EWON Responses |
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| 11. | Do you agree with our proposed approach to identifying the risks and harms that new energy products and services may pose to consumers? Please explain why. | Refer to EWON's response to question 1. |
| 12. | Do you agree with the identified risks and harms to consumers? Please explain why. Are there other key risks and harms we should consider? | <p>You will find our contribution to the AER analysis, and the details of our own approach to analysing the consumer risk in the following submission sections:</p> <ul style="list-style-type: none"> • Risk analysis from an AER business model perspective ('business model analysis'), pages 26–31 • Risk analysis from an EWON Consumer model perspective ('consumer model analysis'), pages 32–42 • Case studies - pages 43 - 62 |
| 13. | Do you agree with the proposed approach to use the consumer archetypes developed by the ECA when assessing the identified risks? Please explain why. What other key consumer types should we consider? | EWON is committed to keeping the customer at the centre of redesigning our national energy framework. However, we also consider that it is important to focus on how customers are engaging with energy services as well as demographic analysis. We have provided details of our own approach to assessing the consumer risks from new energy services based on consumer models, pages 32 – 42. In summary, consumer demographics (number of children, work status, age, housing status) do not correlate with specific types of energy customers that are emerging in the current and future market. Traditional energy users include a range of customers including those who have no intention of engaging with new products or services and those who experience low literacy, and as a result are locked out of considering complex new products and services. |

| Consultation questions for section 5.4 & 5.5 | | Suggested EWON Responses |
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| | | EWON's approach of using consumer models draws on their comprehensive analysis of complaints we already receive customers reliant on traditional energy supply to those who have bought into behind the meter services and emerging new energy services and those who have been able to avail themselves of behind the meter products via government support. We have used this analysis to consider future risks and what consumer issues currently lack adequate protection so that all customers have access to the protections they need / are eligible to receive regardless of how they source their energy supply. |
| 14. | How do you think the conduct of energy businesses is likely to impact the identified risks around new energy products and services? Do you agree with the need to consider whether additional consumer protections for these services should be included in the NECF? | <p>EWON's analysis of the consumer risks posed by new energy services are based on our review of complaints EWON has received from customers already engaged with DER products and new energy services. The consumer issues we highlight are based on what consumers are experiencing now and will continue to experience in the future.</p> <p>Energy retailers and networks should be motivated to provide the best services possible for their customers. The reputation of each retailer and network company is critical for customer retention and acquisition. While the energy industry continually seeks to improve the consumer experience for all consumers, the need for consumer protection because of the current and emerging issues and risks identified in our analysis of complaints, indicates that additional protections, or expansion of current protections, will be needed as energy services evolve.</p> <p>Effective energy specific EDR should be extended to all new energy services, this will act as a key protection that will significantly mitigate the other risks faced by consumers around access to energy, switching providers, access to information and risks to consumers experiencing vulnerability. Equally important, it will build trust in the sector and provide a level playing field for current and new entrants.</p> |
| 15. | Have we adequately captured potential mitigants? Are there other mitigants we should consider? | Effective energy specific EDR for all new energy services should significantly mitigate the new and emerging risks faced by consumers around access to energy, switching providers, access to information and risks to consumers experiencing vulnerability. Further, as has occurred since the introduction of Energy Ombudsman offices, complaints data analysis and reporting will put a spotlight on unexpected emerging issues so that regulatory action can be taken if necessary. |

Consultation questions for section 6.2

| Consultation questions for section 6.2 | | Suggested EWON Responses |
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| 16. | Do you agree with this review considering the need to expand the scope of the NECF where appropriate? | Yes – this is supported by our comprehensive analysis of consumer risks outlined in this submission and the supporting case studies. |
| 17. | Do you consider the potential reform options outlined in section 6.2 will go some way to addressing current gaps in the frameworks in relation to future applications? | <p>Consideration must also be given to whether EDR (such as energy ombudsman, state consumer affairs agencies, consumer tribunals, etc) are fit for purpose for all energy services. Energy Ombudsman offices are not the solution for all disputes, for example disputes about the installation and safety of solar panels and storage batteries requires expertise outside of the realms of an Energy Ombudsman office.</p> <p>Spotlight On <i>Dispute resolution in the evolving energy market</i> discusses the issue of the dispute resolution journey of energy customers in an evolving market in more detail⁹.</p> |
| 18. | Would it be helpful to introduce limited authorisations and exemptions to apply to particular business models/business activities? | EWON is not positioned to comment on this question without knowledge of the limitations and what they would extend to. |
| 18 a. | Are there any risks to this approach? | <p>Where a customer is engaged with multiple energy services at the one property, the interlinkage between these services is critical. This means that when things go wrong with one service/entity, it will potentially impact on the operation and billing of the customer's other services – including their main supply of energy.</p> <p>If limited authorisations and exemptions are introduced to apply to business models/business activities, there must be mechanism for resolving disputes from a single customer which touch on multiple aspects of their energy supply. For example, where there is potential for different energy services to be interlinked, each entity that is providing a different aspect of a customer's energy supply must be required to participate in a common EDR process.</p> |
| 19. | Would it be preferable to tailor retailer obligations to the specific set of proposed | |

⁹ <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/dispute-resolution-in-the-evolving-energy-market>

| Consultation questions for section 6.2 | | Suggested EWON Responses |
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| | retailer activities? For example: | |
| 19 a. | Should there be a core set of obligations on all retailers? | <p>EWON would support having a core set of obligations that apply to each type of authorisation so that there is a mechanism for resolving disputes from a single customer which touch on multiple aspects of their energy supply.</p> <p>If the obligations that attach to different authorisations are tailored to the proposed activities of the applicant, one of the core obligations for all authorised retailers should be membership of an energy specific EDR scheme.</p> |
| 20. | Should the AER be able to impose ongoing obligations on authorised retailers to require them to undertake, or limit them from undertaking, particular activities? | <p>EWON would support the AER being provided with the capability to impose ongoing obligations on authorised retailers to require them to undertake, or limit them from undertaking, particular activities.</p> <p>The current reform program set by the Energy Security Board (ESB) has largely been triggered by the need to better integrate new and renewable technologies into the national energy market. However, most of the disruption for consumers in the energy sector over the last ten years has been caused by new business models. Some examples of emerging business models that have impacted on consumer protections in the last 10 years include:</p> <ul style="list-style-type: none"> • Authorised energy retailers expanding their services to off-market customers in embedded networks (including to residential parks, where some customers are more likely to experience vulnerability). • The emergence of gas embedded network operators which have taken over the hot water metering services previously provided by the licenced gas network in NSW. • The emergence of white label energy retailers. • The growth in the number of embedded network billing agents that control retail energy services in many buildings but can avoid regulation as either an authorised entity or exemption holder. <p>The AER should be given the capability to impose obligations on authorised entities where the applicant has a business model that may put the delivery of consumer protections at risk and there is no consideration by the applicant to mitigate that risk or design their model to prevent that risk.</p> |
| 21. | Should retailers be required to apply for a variation if changing their business model or customer type from what was approved? | <p>Yes - in any situation where there are a range of authorisations available, either based on the applicant's business model or the activities conducted by the retailer, consumer protections for customers would be put at risk if authorisation holders were not required to apply for a variation if changing their business model or customer type from what was approved. Further, where there is a gap in regulations, we have already seen that some entities take advantage of that gap to avoid regulatory responsibilities for example, the sale of centralised hot water on a per litre of water basis rather than billing for the energy required to heat the water.</p> |

| Consultation questions for section 6.2 | | Suggested EWON Responses |
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| 22. | Should the AER audit retailer activities and organisational capacity against arrangements set out in retailer authorisation applications, and if so, what should be the trigger and/or frequency? | |
| 23. | As authorisation and individual exemptions are currently a point-in-time assessment, should retailers and exempt sellers be required to provide ongoing certification of their suitability to maintain their authorisation or exemption? | <p>EWON would support the introduction of an appropriate and proportional approach that require energy businesses to maintain an authorisation that is fit for their current business model or customer base.</p> <p>A self-reporting annual approach by authorised / exempt entities would put the onus on energy businesses to make the AER aware of changes in their business models. This would appear to be a more cost-effective approach than having the AER audit retailer activities and organisational capacity. Further it may enhance the reputation of energy businesses and therefore consumer trust in the sector.</p> |
| 23 a. | How can the AER provide ongoing certification of retailer and exempt seller suitability to maintain their authorisation or exemption? | The AER would need to be provided with aligned compliance monitoring and enforcement powers to address failure to self-report or omissions / false reporting. |
| 23 b. | What should this involve – for example audit, reapply under criteria, certificate of compliance? | |
| 24 | If applying additional and/or ongoing obligations on authorised retailers, how can we limit the additional regulatory cost? | Annual self-reporting on the basis of ‘no change in operating model as authorised by the AER’ should not create additional regulatory cost. If some authorised entities are changing their authorised operating model, they would recognise that this comes at a cost – within the business and from a regulatory perspective – it would be part of the cost/benefit analysis for any change to their business or services offered. |

| Consultation questions for section 6.2 | | Suggested EWON Responses |
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| 25. | What, if any, regulatory approvals should be required if there is a change in control of an authorised retailer? | <p>EWON is a membership organisation made up largely by entities authorised by the AER. EWON already undertakes monitoring ongoing member compliance with certain requirements of our Constitution, our company Charter and the National Energy Retail Law and Rules and exemption framework – as it relates to EWON membership and dispute resolution – such as promotion of EDR services to customers or having complaint handling policies available to customers.</p> <p>Where ownership of an authorised entity occurs, the entity should be required to show that it still meets the entry criteria set for its current authorisation. Currently, this includes:</p> <ul style="list-style-type: none"> (a) the organisational and technical capacity criterion—the applicant must have the necessary organisational and technical capacity to meet the obligations of a retailer; (b) the financial resources criterion—the applicant must have resources or access to resources so that it will have the financial viability and financial capacity to meet the obligations of a retailer; (c) the suitability criterion—the applicant must be a suitable person to hold a retailer authorisation. <p>All of these criteria could be impacted by the change of ownership of an authorised entity, or the restructuring of ownership, and it is reasonable that an authorised entity with a changed ownership structure should provide information to show it continues to meet the entry criteria.</p> |
| 26. | If there are changes to the framework that applies to new retailers or exempt sellers, what changes should be made to existing retailers or exempt sellers? | <p>A level playing field should be set so that current authorisation and exemption holders should be required to self-report the way they comply with any new framework – consumers should not have to identify whether different providers offer them differing levels of service / consumer protection.</p> |
| 27. | What are other possible solutions to ensure the authorisation and exemption frameworks remain effective within the context of new energy services? | <p>If a new framework is introduced that carries a range of different authorisations and exemptions based on the business model or retail activities of the applicant, there must still be a mechanism for resolving disputes from a single customer which touch on the services offered by multiple authorised or exempt entities and multiple aspects of their energy supply. For example, wherever there is potential for different energy services to be interlinked, each authorised entity that is providing a different aspect of a customer's energy supply must be required to participate in a common EDR process.'</p> <p>On this basis, membership of an energy specific EDR scheme should be a core requirement of authorisations and any exemption covering residential & small business customers.</p> |

| Consultation questions for section 6.2 | | Suggested EWON Responses |
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| 28. | How can we ensure the authorisation and exemption frameworks achieve effective regulation and balance the need for innovation and an appropriate level of protections for energy consumers? | <p>Innovation and proportional regulation should not be prioritised over providing consumers with adequate protections. At the same time, innovation should not be stifled by unnecessary regulation. However, this creates a conundrum as has occurred across the embedded network sector.</p> <p>At the time the NECF was introduced, the exemption framework aimed to capture situations other than where AER authorised mass market energy retailers were selling energy for profit to residential and small business customers. Policy makers frequently noted that the exemption framework typically applied to situations including where residential park operators and lodging / rooming / boarding house landlords on-sold electricity to their residents as an incidental part of their business¹⁰.</p> |
| 28 a. | How can we effectively regulate new business models? | <p>Despite the initial framing of the purpose of exemptions, we have witnessed the rapid growth of an innovative embedded network industry which has resulted in many consumers missing out on consumer protections they were previously entitled to. Authorised energy retailers have also now moved into this section of the energy market, proof that the embedded network industry is now driven by the core business of selling energy to customers for profit.</p> <p>Energy provider innovation within the exemption framework has led to a weakening of consumer protections for energy customers of exempt entities. This situation has also led to the AEMC review outcome that the regulatory framework for embedded networks is no longer 'fit for purpose'¹¹.</p> <p>To build and maintain trust in the energy sector, consumers need proactive, not reactive consumer protection – and this includes fit for purpose energy specific EDR. The requirement for certain exemption holders to join Ombudsman schemes was introduced in 2018 and most networks and exempt sellers in NSW are now members of EWON. Energy ombudsman schemes have been successful in adapting their membership models to accommodate exempt entities and providing EDR services to customers in embedded networks.</p> <p>The exemption framework provides us with an example of what can occur when consumer protection is reduced and later needs to be wound back. The 2018 introduction of a requirement for exempt entities to become members of an energy ombudsman</p> |

¹⁰ The Hon. John Ajaka, Second Reading Speech, National Energy Retail Law (Adoption) Bill 2012, p12629; The Hon. J.D. HILL, House of Assembly, National Energy Retail Law (South Australia) Bill, Wednesday 27 October 2010, p1753

¹¹ Australian Energy Market Commission, Final Report, Review of regulatory arrangements for embedded networks, 28 November 2017, p58

| Consultation questions for section 6.2 | | Suggested EWON Responses |
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| | | scheme is also an example of how providing basic consumer protections, such as access to free and independent EDR, does not stop innovation. |
| 29. | If changes are made to the authorisation and exemption frameworks, what (if any) changes should be made to apply to existing retailers and exempt sellers/embedded networks? Should there be a trigger for changes to existing authorisations and exemptions and, if so, what should they be? | A level playing field should be set so that current authorisation and exemption holders should be required to self-report how they comply with any new framework – consumers should not have to identify whether different providers offer them differing levels of service / consumer protection. |

Consultation questions for section 6.3

| Consultation questions for section 6.3 | | Suggested EWON Response |
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| 30. | Are the existing protections under the NECF adequate to protect consumers from the potential risks posed by the transformation of the energy market and emergence of new energy products and services? | EWON has undertaken an analysis of the consumer risks posed by new energy services. Our analysis is based on a review of complaints received by EWON that involve behind the meter services, new technologies, and emerging business models. Our analysis also highlights the consumer protection issues posed by new energy services, as well as the consumer issues for customers when their DER technologies interact with the retail energy market. Our contribution to the AER analysis is detailed in the following sections and supported by case studies. |
| 31. | Should energy products and services not currently captured by the NECF be regulated and how? | EWON supports consideration of extending NECF to cover consumer issues highlighted by our analysis. Our case studies and risk analysis also shows that if NECF is extended to cover new energy services, new protections will be needed within NECF to protect against emerging harms. Where this is not possible, or practical, we also believe that consideration should be given to how effectively these issues will be dealt by the ACL, and whether providing customer's access to fit for purpose EDR will help mitigate some of the risks or harms posed by new energy services. |

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| 32. | Do we need new specific protections added to the NECF to protect against emerging harms, including harms that may be particular to emerging business models? | |
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Consultation questions for section 6.4

| Consultation questions for section 6.4 | | Suggested EWON Response |
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| 33. | Are there potential reforms to the ACL that we should consider as part of our review? | <p>EWON's risk analysis highlights that neither the ACL or NECF are completely fit for purpose to protect consumers engaging with new energy services. An important reason for this is how new energy services are interlinked with the provision of the customer's traditional energy supply. Any reform of the ACL must deal with the fact that consumers are engaging with multiple energy services where the problems, and the benefits they receive, are not easily separated out into 'ACL' or 'NECF' issues.</p> <p>The ACL is also designed to protect the customer that is directly paying for a service or purchasing a product. The energy specific protections contained in NECF provide protection for both the customer making payment and end-users. For example, NECF contains a guarantee of supply that ensures that any adult in a household can open an energy account, through standing offers. Where the end user may be a tenant, flatmate or family member, the Australian Consumer Law may not provide these customers with adequate protections.</p> |
| 34. | Are there merits in implementing principles-based or outcomes-based regulation to support the energy sector's transition? What are the potential risks in taking this kind of approach to regulation? | <p>EWON recognises that principle based regulation does allow for flexibility and provides a framework that can adapt to emerging technologies and business models. However, this must be balanced against the customer's ability to enforce their rights.</p> <p>The development of the AER's <i>Customer Hardship Policy Guideline</i> is a good example of why a principles based framework can be more difficult for consumers to navigate. The National Energy Retail Rules were amended by the AEMC in 2018 after the AER submitted a rule change proposal. The AER requested a change to the Rules after encountering difficulties enforcing retailer policies that were too principles based and lacked clear commitments. The AER noted that:</p> |

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| | | <p><i>'If a policy contains general principles as opposed to clear commitments, it can be difficult to determine whether a retailer has in fact acted in accordance with its hardship policy'¹² and that 'Many current hardship policies contain general statements or are principles-based – making enforcement of Section 43 of the Retail Rules problematic'.¹³</i></p> <p>If a principles based framework is introduced, it must also provide enough clarity for customers to enforce their rights as energy consumers. Enforceable rights and obligations are also critical for dispute resolution and effective EDR.</p> |
| 35. | Is there a role that additional industry codes could play in supporting consumers through the energy transition? | EWON would support alternative approaches to developing a fit for purpose framework, however, as noted in our answer to question 34, the framework must provide customers with specific rights that are practical and enforceable. This would also mean that energy specific EDR should be included in such a framework. |
| 36. | Are there other approaches that should be considered? | No comment |

¹² AER, Request for rule change – strengthening protections in the National Energy Retail Rules for customers in financial hardship, 21 March 2018, page 9

¹³ AER, Request for rule change – strengthening protections in the National Energy Retail Rules for customers in financial hardship, 21 March 2018, page 17

Risk analysis from an AER business model perspective ('business model analysis')

| EV charging | | Case study |
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| Access to energy | Bundled energy plans – the interlinkage between the customer's EV charging service and their retail energy market contract means that it will become impractical to separate the consumer protections the customer needs for the management of their main energy supply from the EV charging service they receive from their energy retailer. | Case studies 1 & 2 |
| | Bundled energy plans – services from energy retailers that include the installation of charging infrastructure, and submetering, will lead to more complex disputes over the supply and billing of electricity to a customer's home. | Case study 2 |
| Switching providers | Installation of EV charging infrastructure and submetering will limit some customer ability to switch energy retailers, with potential financial penalties or delays removing or replacing charging infrastructure. | Case studies 2 & 20 |
| Access to information | Access to clear information about EV charging options is a potential barrier to uptake – such as network and retail tariffs, metering and connection requirements. | Any case study |
| Consumers experiencing vulnerability | The energy cost outcomes for customers investing in new energy services does not always meet expectations. Overall costs can increase for customers after engaging with DER services. | Case studies 21 & 22 |
| Dispute resolution | The installation, operation and management of EV charging infrastructure will complicate disputes over the billing of a customer's energy supply. If an energy customer makes a complaint about their retail energy account, the avenue for EDR is less clear if the dispute involves the operation of behind the meter charging infrastructure and data. | Case study 1 |

| Aggregation and/or energy management services | | Case study |
|---|---|---------------------|
| Access to energy | Bundled energy plans – customers will be entering into retail energy market contracts that include the remote control/management of DER devices and home appliances. The marketing, operation and management of these products will add complexity to retail contracts and the effectiveness of these services will impact on the overall energy costs for the customer. | Case study 21 |
| | Contract terms & conditions for bundled energy plans – the structure of some retail market energy plans and the customer's eligibility for specific levels of rewards or pricing will be dependent on the design and performance of the customer's DER systems. Disputes will arise over the billing of a retail energy plan that also focus on the performance of the customer's battery, inverter, and PV panels. | Case studies 5 & 22 |
| | Bundled energy plans – the calculation and billing of customer accounts will be far more complex when the retail energy plan includes an agreement to credit the customer for energy exported from their DER system and traded by the retailer. NECF currently contains rules to ensure the billing of electricity consumption is transparent, clear and accountable. However, there are currently no rules that apply with respect to what information must be provided to a customer about energy that is generated by the customer and traded by a retailer. | Case study 24 |

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| Switching providers | Explicit Informed Consent - there are currently no rules that are equivalent to requiring Explicit Informed Consent (EIC) before a retailer (or another entity) takes control of DER technologies or electrical appliances owned by the customer (behind the meter) despite the level of complexity that is associated with these services. | Case studies 25 & 26 |
| | Disputes will also arise where an energy retailer (or another entity) has obtained remote control of a customer's appliances or DER technology without the customer's consent. In these circumstances, the actions of the retailer (or other entity) have the potential to disrupt the charges and rewards that the customer is receiving from their current retail energy plan. There are no specific consumer protections around this issue and complaints of this type do not have a clear avenue for EDR. | Case studies 25 & 26 |
| | The interlinkage between DER products and services and retail energy services – disputes about the purchase of, billing for, and delivery of, DER products and services purchased from authorised energy retailers will also impact on a customer's options for switching to a better energy offer. | Case study 8 |
| Access to information | Marketing practices of entities selling DER services - while energy retailers have largely ceased door to door marketing, entities selling DER products and services continue to engage door to door marketers some of whom make misleading sales and return on investment claims which cannot be addressed by EDR. | Case study 21 |
| | Access to information about customer rewards from flexible energy trading – NECF currently contains rules to ensure the billing of electricity consumption is transparent, clear and accountable. There are currently no rules that apply with respect to what information must be provided to a customer about energy that is generated by the customer and traded by a retailer. Disputes will arise over the calculation and transparency of the rewards customer's receive from trading exported energy. A good example, is where the customer rewards for a VPP are based on the wholesale energy spot price without specifying what information will be provided to the customer about the structure of pricing applied to the customer's exported energy? | Case study 24 |
| Consumers experiencing vulnerability | The energy cost outcomes for customers investing in new energy services do not always meet expectations based on sales promises including where solar and batteries are involved and overall costs increase after the customer engages with DER services | Case study 22 |
| Dispute resolution | Bundled services – where customers are entering retail market contracts that include DER products and services, and rewards for trading in exported energy, it will be impossible to separate a dispute about the billing of the customer's electricity consumption from these other products and services. Customers will raise their dispute about a retail energy plan with an energy ombudsman scheme expecting that the ombudsman scheme will resolve all aspects of the customer's dispute. However, where the complaint may include the performance of the products sold to a customer by the energy retailer (or another entity) the complaint may be outside the ombudsman's jurisdiction and the customer will need to refer the complaint to multiple external bodies to address all their issues. This will erode the trust that consumers have in Ombudsman services and the energy sector overall. | Case study 5 |

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| | <p>White labels – some of the retailers that specialise in providing DER services to their customers are operating as white label retailers. In energy, white label brands are often created and operated by one entity under the authorisation already granted by the AER to another entity. The use of white label retail brands creates confusion over who to make a complaint to, and which entity is responsible for their consumer rights.</p> | <p>General observation from customer complaints to EWON</p> |
| | <p>Remote control of consumer devices / appliances – when a retail market energy contract includes the remote control of consumer devices / appliances the avenue for EDR is not clear. Energy ombudsman schemes do not have full jurisdiction over the services offered to customers behind the meter. In a situation where software or devices provided by an energy retailer fail, or consumer appliances are damaged, the customer may need to complain to a state consumer affairs agency – even if the remedy the customer is seeking is for an adjustment to their retail energy account.</p> | <p>Case study 27</p> |

| Multiple energy providers | | Case study |
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| | <p>The interlinkages between DER products and services and retail energy services – energy retailers are increasingly selling DER products and providing DER services. These additional products are often supplied by multiple entities through commercial arrangements. However, from their customer’s perspective they are engaging with a single energy service. As this becomes more common we will see:</p> <ul style="list-style-type: none"> • customers disputing payments to energy retailers for behind the meter products and services • disputes about fees and charges from customers purchasing DER technologies from their energy retailers • more complex complaints about retailers paying rewards to customers for DER exports and trading | <p>Case studies 1, 2, 4 & 5</p> |
| <p>Access to energy</p> | <p>Energy retailers are also providing finance products to consumers wishing to access DER products and services. These finance arrangements are sometimes made when the energy retailer is not the Financially Responsible Market Participant (FRMP) for the site. This means a customer can be involved with a solar retailer (who might be an energy retailer), an energy retailer (as FRMP), and another entity as the lender for their DER product (which may be another energy retailer). The customer will perceive all these entities as being responsible for part of their single energy service.</p> | <p>Case study 41</p> |
| | <p>Consumer confusion over which entity is responsible for each energy service and the customer’s energy supply - where there are multiple entities providing different energy services, it is often less clear to the customer who is providing their energy services. This is a critical issue if the customer finds that after their investment in a new energy service, such as a Solar Power Purchase Agreement (SPPA) that their overall energy costs have increased, not decreased.</p> | <p>Case studies 5 & 17</p> |
| | <p>White labels – some of the retailers that specialise in providing DER services to their customers are operating as white label retailers. In energy, white label</p> | |

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| | brands are often created and operated by one entity under the authorisation already granted by the AER to another entity. If the use of white label retail brands continues, some consumers will be confused over who to make a complaint to and which entity is responsible for ensuring their consumer rights. | |
| Switching providers | Energy affordability and customers locked out of effective participation in new energy services – the structure of DER services and the nature of the tenancy market may also limit a customer’s ability to switch retailers and/or seek more affordable energy plans. | Case study 18 |
| Access to information | The complexity of the energy products and service contracts increases when there are multiple entities providing energy services to a consumer’s home. | Case study 5 |
| Consumers experiencing vulnerability | Where multiple entities are providing energy services to a single customer (or a single entity providing multiple energy service channels), customers experiencing vulnerability or affordability problems will need to manage hardship negotiations, potential credit action, and debt collection for multiple products and services – even if they are viewed as a single energy service by the customer. The consumer protections for assisting customers with affordability problems, including those experiencing affordability problems for the first time arising from their DER investment, are not consistent between NECF and the ACL and it will be difficult for customers to separate out affordability issues – particularly when the customer’s problems stem from (1) repayments made for finance arrangements for DER systems, (2) those systems not operating as expected and (3) unanticipated higher retail energy bills. This will extend to situations where customers have multiple payment plans to different entities providing different aspects of their energy service. | Case studies 3, 10 & 15 |
| Dispute resolution | Where multiple entities are involved in providing DER and energy services to a single customer (or a single entity providing multiple energy service channels) the avenue for EDR becomes less clear. For example: <ul style="list-style-type: none"> • promises about the outcome of total energy costs have been made by a lender offering finance arrangements for DER products and services • disputes about high retail energy bills are not easily separated from the customer expectations of benefits they should be receiving from their DER products • disputes about the level of retail energy rewards the customer has earned from their DER system – when multiple entities have taken different roles in designing, installing and operating the DER system | Case studies 10, 16 & 5 |

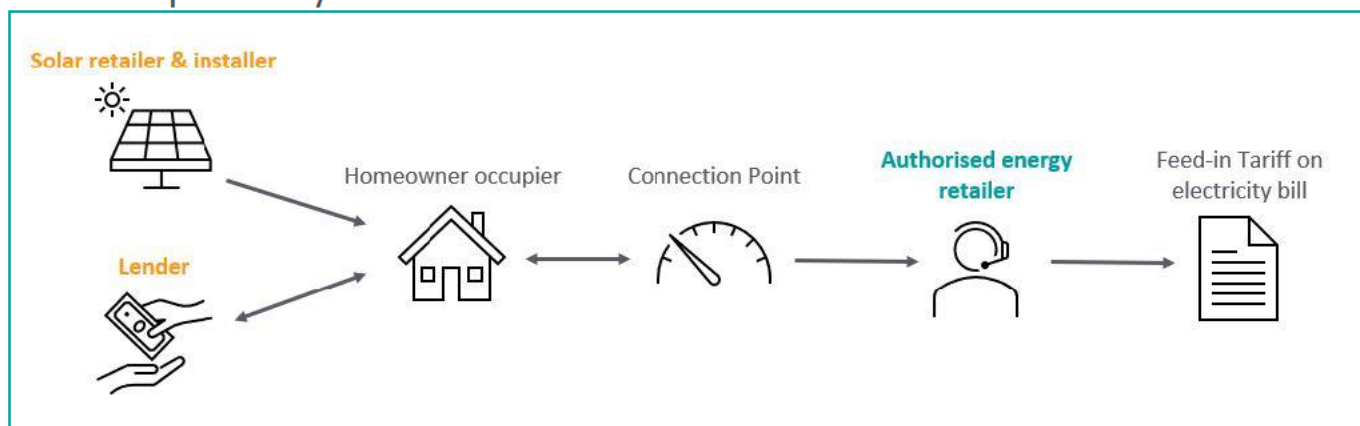
| Embedded networks and microgrids | | Case study |
|----------------------------------|---|---------------|
| Access to energy | The fragmentation of energy supply into unregulated building services – The rise of embedded networks has seen a corresponding rise in separate billing for services such as centralised air-conditioning and centralised hot water. These services, despite their main input costs being energy, are treated by the exemption framework as being outside the consumer protections contained in NECF. | Case study 33 |

| | | |
|------------------|--|---------------|
| | <p>The AER issues paper defines ‘essentiality’ in the energy as the provision of vital daily needs in modern life such as lighting, heating, cooling, refrigeration and the operation of appliances and electronics.</p> <p>If we follow this definition, customers who are required to open separate accounts for air-conditioning and hot water services should be entitled to the same consumer protections that apply to the billing and provision of energy services.</p> | |
| Access to energy | <p>The development of network tariffs for embedded networks – some licenced networks are now proposing to introduce network tariffs designed to apply to the parent connection point of embedded networks with residential customers. These new tariffs are likely to increase the average cost of energy for residential embedded network customers in these network areas.</p> <p>The introduction of network tariffs designed for embedded network customers recognises that there are multiple energy users behind each parent connection point, and the energy used by these customers is cross-subsidised by customers directly connected to the network. However, what these network tariffs fail to recognise is that embedded network customers are not treated equally. An embedded network customer is not covered by the networks deemed connection contract and is not recognised as a network customer. This means when there is a network incident that affects the parent connection point, and therefore the supply of the embedded network customer, they have no avenue to complain, and they are not covered by the networks guaranteed service levels (GSL).</p> <p>These tariffs will be specifically designed to charge the parent connection point in a way that reflects the individual users at the child connection points with the network. This is a straightforward solution for an economic problem of grid connected customers cross subsidising the energy costs of embedded network customers. What this solution fails to acknowledge, is that embedded network customers already benefit from less consumer protections than grid connected customers do, and are effectively treated as second class energy users – a significant issue when most people are not living in embedded networks by choice.</p> | Case study 34 |
| Access to energy | <p>Access to DER products and services is more complex for embedded network customers:</p> <ul style="list-style-type: none"> • Clear and independent information and advice can be more difficult to obtain for embedded network customers. Embedded network operators are not always experts in DER products and customers often receive conflicting or misleading advice about purchasing, connecting and operating these products in an embedded network. • Connecting DER products and services at child connection points within an embedded network increases the number of entities that a customer must deal with. The multiple entities involved in the process are the solar retailer/installer, the embedded network operator, the exempt seller, and the licenced network provider. • Many existing embedded networks were not designed to accommodate customers connecting DER products at each child connection point. If poorly planned for, customers may end up facing significant bills for | Case study 35 |

| | | |
|-----------------------|--|--|
| | upgrading the embedded network to accommodate aggregated solar export. | |
| Access to information | <p>The information disclosed to customers about embedded networks is still insufficient for many consumers.</p> <p>The exemption framework contains appropriate rules about information disclosure to new customers in embedded networks, however, there is still a gap in information available to consumers about embedded networks at the time they are making a decision to purchase a new home or accept a new lease. Potentially there needs to be more community awareness still about embedded networks and how this will impact on consumers and their energy services.</p> | |

Risk analysis from an EWON consumer model perspective ('consumer model analysis')

1. Rooftop solar system consumer model

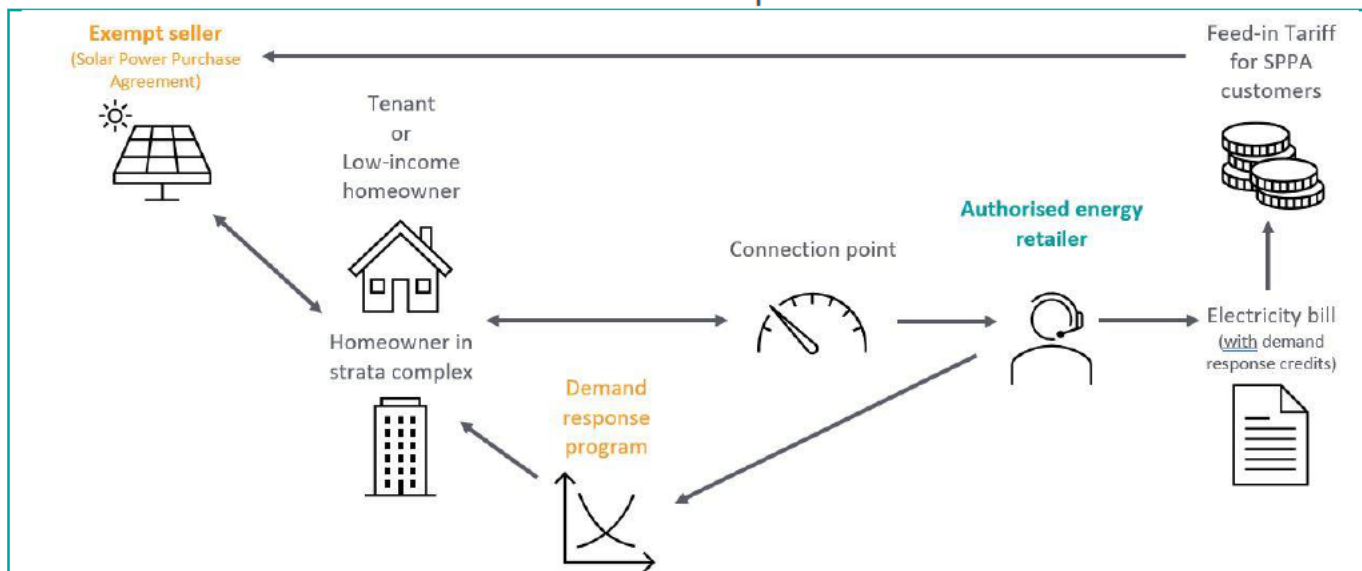


| Risks categories | Consumer protection and complaint issues | Case studies | External Dispute resolution (EDR) options |
|-----------------------|--|---------------------|---|
| Access to energy | The interlinkage between DER products and services and retail energy services – energy retailers are increasingly selling DER products and providing DER services. These additional products are often supply by multiple entities through commercial arrangements. However, from their customer’s perspective they are engaging with a single energy service. As this becomes more common, we will see: | | State consumer affairs agencies |
| | <ul style="list-style-type: none"> customers disputing payments to energy retailers for behind the meter products and services disputes about fees and charges from customers purchasing DER technologies from their energy retailers more complex complaints about retailers paying rewards to customers for DER exports and trading | Case study 3 | Multiple (unclear) |
| | EWON is also observing an increasing number of complaints from energy customers about the delivery of DER services and retail energy services by the same entity. | Case study 4 | Multiple (unclear) |
| | | Case study 5 | Energy ombudsman |
| Switching providers | The interlinkage between DER products and services and retail energy services – disputes about the purchase of, billing for, and delivery of, DER products and services purchased from authorised energy retailers will impact on a customer’s options for switching to a better energy offer. | Case study 8 | Multiple (unclear) |
| | Access to clear information on DER operation and benefits – disputes about consumer outcomes not aligning with promises made by energy retailer that sold DER products and services. These complaints are complicated by the fact that the dispute concerns both the billing of their energy account and the repayments that have been agreed to for the DER product/service. | Case studies 9 & 10 | Multiple (unclear) |
| Access to information | Marketing retail energy contracts with DER incentives – some customers complaint that there is a lack of clear information about the retail market benefits and incentives for DER | Case study 11 & 14 | Energy ombudsman |

| | | | |
|--------------------------------------|--|-------------------------|--------------------|
| | technologies and the potential limits or terms and conditions that come with these offers. In cases where a feed-in tariff forms part of the marketing for the sale and installation of DER products, customers may misunderstand the complex terms and conditions. | | |
| | Marketing of bundled services – authorised energy retailers bundling the sale of DER products and services with offers for retail market contracts. The incentives, such as a feed-in tariff, are subject to change and if these incentives are used when quoting possible savings to a customer looking to purchase a DER system from the retailer, it can set expectations and lead to disputes. | Case studies 12 & 14 | Multiple (unclear) |
| | Customers are at risk of not understanding the complex terms and conditions for customer contracts for bundled services or stand-alone DER services (DER and energy retail market contracts) | Case study 13 | Multiple (unclear) |
| Consumers experiencing vulnerability | Where multiple entities are providing energy services to a single customer (or a single entity providing multiple energy service channels), customers experiencing vulnerability or affordability problems will need to manage hardship program negotiations, potential credit action, and debt collection for multiple products and services – even if they are viewed as a single energy service by the customer. The consumer protections for assisting customers with affordability problems are not consistent between NECF and the ACL and it will be difficult for customers to separate out the affordability issues – particularly when the customer’s problems stem from (1) repayments made for finance arrangements for DER systems, (2) those systems not operating as expected and (3) unanticipated higher retail energy bills. This will extend to situations where customers have multiple payment plans to different entities providing different aspects of their energy service. | Case studies 3, 10 & 15 | Multiple (unclear) |
| | The interlinkages between DER products and services and retail energy services – failure by a retailer to pay the customer for rewards for energy exported to the grid by the customer’s DER can lead to affordability issues and payment difficulties for that customer. | | Energy ombudsman |
| | Finance products offered by authorised energy retailers for DER products and services making energy more complex and the avenue for resolving affordability problems. | Case study 10 | Energy ombudsman |
| Dispute resolution | Where multiple entities are involved in providing DER and energy services to a single customer (or a single entity providing multiple energy service channels) the avenue for EDR becomes less clear. For example: | | Energy ombudsman |
| | <ul style="list-style-type: none"> promises about the outcome of total energy costs have been made by a lender offering finance arrangements for DER products and services | Case study 10 | Multiple (unclear) |
| | <ul style="list-style-type: none"> disputes about high retail energy bills are not easily separated from the customer expectations of benefits they should be receiving from their DER products | Case study 16 | Multiple (unclear) |

| | | | |
|--|--|--------------|--------------------|
| | <ul style="list-style-type: none"> disputes about the level of retail energy rewards the customer has earned from their DER system – when multiple entities have taken different roles in designing, installing and operating the DER system. | Case study 5 | Multiple (unclear) |
|--|--|--------------|--------------------|

2. Consumer 'Locked out' of DER 'ownership' consumer model



| Risks categories | Consumer protection issues | Case studies | External Dispute resolution (EDR) options |
|-----------------------|---|---------------|---|
| Access to energy | Consumer confusion over which entity is responsible for each energy service and the customer's energy supply - where there are multiple entities providing different energy services, it is often less clear to the customer who is providing their energy services. This can be a critical issue if the customer finds that after their investment in a new energy service, such as a Solar Power Purchase Agreement (SPPA) that their overall energy costs have increased, not decreased. | Case study 17 | Multiple (unclear) |
| Switching providers | Energy affordability and customers locked out of effective participation in new energy services – the structure of DER services and the nature of the tenancy market may also limit a customer's ability to switch retailers and/or seek more affordable energy plans. | Case study 18 | Multiple (unclear) |
| Access to information | Complex offers and billing – customer's 'locked out' of DER may alternative engage with retail offers that give consumers access to wholesale energy pricing or peer-2-peer trading. These contracts do pose barriers in terms of transparency of pricing, and bill calculations | Case study 19 | Energy Ombudsman |
| | Complex offers and billing – customer's 'locked out' of DER may alternative engage with retail offers that include demand response programs and lead to complaints about the calculation of rewards | | Energy Ombudsman |
| Dispute resolution | Interlinkages with energy supply - supply of energy by third parties – customer disputing billing of both a SPPA agreement and energy used from retail market | Case study 17 | State consumer affairs agencies |

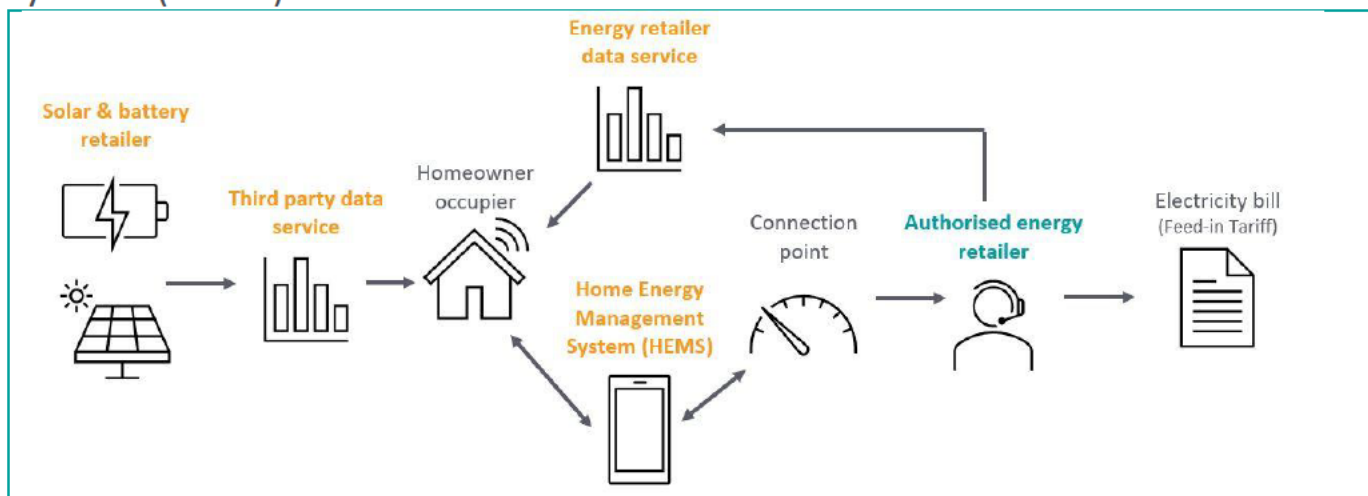
3. Electric vehicle consumer model

The diagram illustrates two scenarios of electric vehicle (EV) charging and energy supply:

- Scenario 1 (Top):** A user pays for a bundled service (represented by a credit card icon) which includes an electric vehicle (EV) and a third-party EV charging station. The EV is connected to the charging station, which is connected to a connection point (meter icon). This connection point is linked to an authorised energy retailer (person icon).
- Scenario 2 (Bottom):** A tenant or homeowner has electric vehicle charging infrastructure (EV and charging station) installed at their property. The EV is connected to the charging station, which is connected to a connection point (meter icon). This connection point is linked to an authorised energy retailer (person icon), who in turn provides a feed-in tariff on the electricity bill (document icon).

| Risks categories | Consumer protection issues | Case studies | External Dispute resolution (EDR) options |
|-----------------------|---|---------------------|---|
| Access to energy | Bundled energy plans – the interlinkage between the customer’s EV charging service and their retail energy market contract. This means that it will become impractical to separate the consumer protections the customer needs for the management of their main energy supply from the EV charging service they receive from their energy retailer. | Case studies 1 & 2 | Energy Ombudsman |
| | Bundled energy plans – services from energy retailers that include the installation of charging infrastructure and submetering will lead to more complex disputes over the supply and billing of electricity to a customer’s home. | Case study 2 | Energy Ombudsman |
| Switching providers | Installation of EV charging infrastructure and submetering will limit come customer’s ability to switch energy retailers, with potential financial penalties or delays removing or replacing charging infrastructure. | Case studies 2 & 20 | Multiple (unclear) |
| Access to information | Access to clear information about EV charging options is a potential barrier to uptake – such as network and retail tariffs, metering and connection requirements. | Future risk | Energy Ombudsman |
| Dispute resolution | The installation, operation and management of EV charging infrastructure will complicate disputes over the billing of a customer’s energy supply. If an energy customer makes a complaint about their retail energy account, the avenue for EDR is less clear if the dispute involves the operation of behind the meter charging infrastructure and data. | Case study 1 | Energy Ombudsman |

4. Engaged with data services and home energy management systems (HEMS) consumer model



| Risks categories | Consumer protection issues | Case studies | External Dispute resolution (EDR) options |
|-----------------------|---|----------------------|---|
| Access to Energy | Complex bundled services – energy retailers make complex energy market offers that bundle the supply of energy with DER services that may also be dependent on a data solution or home energy management system (HEMS). When the retailer fails to deliver a data service or HEMS that is fit for purpose, it can impact on the billing of the customers energy supply. | Case study 28 | Energy Ombudsman |
| Access to information | Conflicting data sets – data from DER and retail energy market data lead to confusion and disputes | Case study 29 | Multiple (unclear) |
| | Complaints about data services – consumers are increasingly seeing the data services advertised and provided by their energy retailer and/or DER supplier as a key part of their energy service. Complaints about a retailer failing to provide a promised data service are becoming more common. | Case studies 30 & 32 | Multiple (unclear) |
| | Complaints about data services – energy consumers are increasingly obtaining information from their energy retailer through alternative channels such as retailer apps or online portals. However, there are no regulatory obligations relating to the quality of this information, for example, whether data provided through an app is marked as estimated. | Case study 31 | Multiple (unclear) |
| Dispute resolution | Complaints about data services – customers with DER technologies rely heavily on the data provided by their energy retailer to monitor the benefits they are receiving from their investment. The avenue for resolving complaints about faulty apps and data services is very unclear. | Case study 30 | Multiple (unclear) |
| | Consumer expectations due to access to multiple data sets (DER and retail energy market data) | Case study 29 | Energy Ombudsman |
| | Data services provided energy retailers and third parties are not regulated by NECF and often outside the jurisdiction of energy ombudsman schemes. | Case study 32 | Multiple (unclear) |

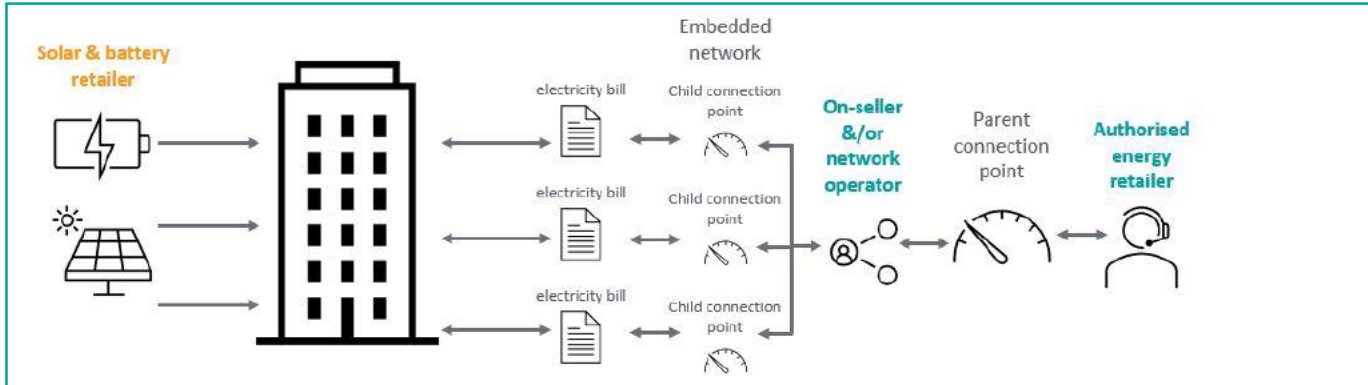
5. Engaged with aggregator or a virtual power plant (VPP) consumer model

| Risks categories | Consumer protection issues | Case studies | External Dispute resolution (EDR) options |
|---------------------|---|----------------------|---|
| Access to energy | <p>Bundled energy plans – customers will be entering into retail energy market contracts that include the remote control/management of DER devices and home appliances. The marketing, operation and management of these products will add complexity to retail contracts and the effectiveness of these services will impact on the overall energy costs for the customer.</p> | Case studies 21 & 22 | Multiple (unclear) |
| | <p>Contract terms & conditions for bundled energy services – the structure of some retail market energy plans and the customer’s eligibility for specific levels of rewards or pricing will be dependent on the design and performance of the customer’s DER systems. Disputes will arise over the billing of a retail energy plan that also focus on the performance of the customer’s battery, inverter, and PV panels.</p> | Case studies 5 & 23 | Multiple (unclear) |
| | <p>Bundled energy plans – the calculation and billing of customer accounts will be far more complex when the retail energy plan includes an agreement to credit the customer for energy exported from their DER system and traded by the retailer. NECF currently contains rules to ensure the billing of electricity consumption is transparent, clear and accountable. There are currently no rules that apply what information must be provided to a customer about energy that is generated by the customer and traded by a retailer.</p> | Case study 24 | Energy ombudsman |
| Switching providers | <p>There are currently no rules regarding an equivalent to Explicit Informed Consent (EIC) before a retailer (or another entity) takes control of DER technologies or electrical appliances owned by the customer (behind the meter).</p> | Case studies 25 & 26 | Multiple (unclear) |
| | <p>Disputes will also arise where an energy retailer (or another entity) has obtained remote control of a customer’s appliances or DER technology without the customer’s consent. In these circumstances, the actions of the retailer (or other entity) have</p> | Case studies 25 & 26 | Multiple (unclear) |

| | | | |
|-----------------------|--|---------------------|--------------------|
| | the potential to disrupt the charges and rewards that the customer is receiving from their current retail energy plan. There are no specific consumer protections around this issue and complaints of this type do not have a clear avenue for EDR. | | |
| Access to information | Marketing practices of entities selling DER services – for example, while energy retailers have largely ceased door to door marketing, entities selling DER products and services continue to engage door to door marketers. Consumer trust in the energy market and DER services will be impacted by poor marketing conduct and negative consumer outcomes. | Case study 21 | Multiple (unclear) |
| Access to information | Access to information about customer rewards from flexible energy trading – NECF currently contains rules to ensure the billing of electricity consumption is transparent, clear and accountable. There are currently no rules that apply what information must be provided to a customer about energy that is generated by the customer and traded by a retailer. Disputes will arise over the calculation and transparency of the rewards customer’s receive from trading exported energy. A good example, is where the customer rewards for a VPP are based on the wholesale energy spot price – will the customer be entitled to a complete breakdown of pricing applied to their exported energy? | Case study 24 | Multiple (unclear) |
| Dispute resolution | Bundled services – where customers are entering retail market contracts that include DER products and services, and rewards for trading in exported energy, it will be impossible to separate a dispute about the billing of the customer’s electricity consumption from these other products and services. Customers can refer their dispute about a retail energy plan to an energy ombudsman scheme. In many cases, an ombudsman scheme will seek to help resolve the customer’s whole dispute. However, where the complaint may include the performance of the products sold to a customer by the energy retailer (or another entity) the complaint may be outside the ombudsman’s jurisdiction and the customer will need to refer the complaint to multiple external bodies to address the whole all their issues. | Case studies 5 & 22 | Energy Ombudsman |
| | White labels – some of the retailers that specialise in providing DER services to their customers are operating as white label retailers. In energy, white label brands are often created and operated by one entity under the authorisation already granted by the AER to another entity. If the use of white label retail brands creates potential confusion over who to make a complaint to, and which entity is responsible for their consumer rights | | Energy Ombudsman |
| | Remote control of consumer devices / appliances – when a retail market energy contract includes the remote control of consumer devices / appliances the avenue for EDR is not clear. Energy ombudsman schemes do not have jurisdiction over the services offered to customers behind the meter. In a situation where software or devices provided by an energy retailer fail, or consumer appliances are damaged, the customer may need to complain to a state consumer affairs agency – even if the remedy | Case study 27 | Multiple (unclear) |

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| | the customer is seeking is for an adjustment to their retail energy account. | | |
|--|--|--|--|

6. Electricity embedded network consumer model

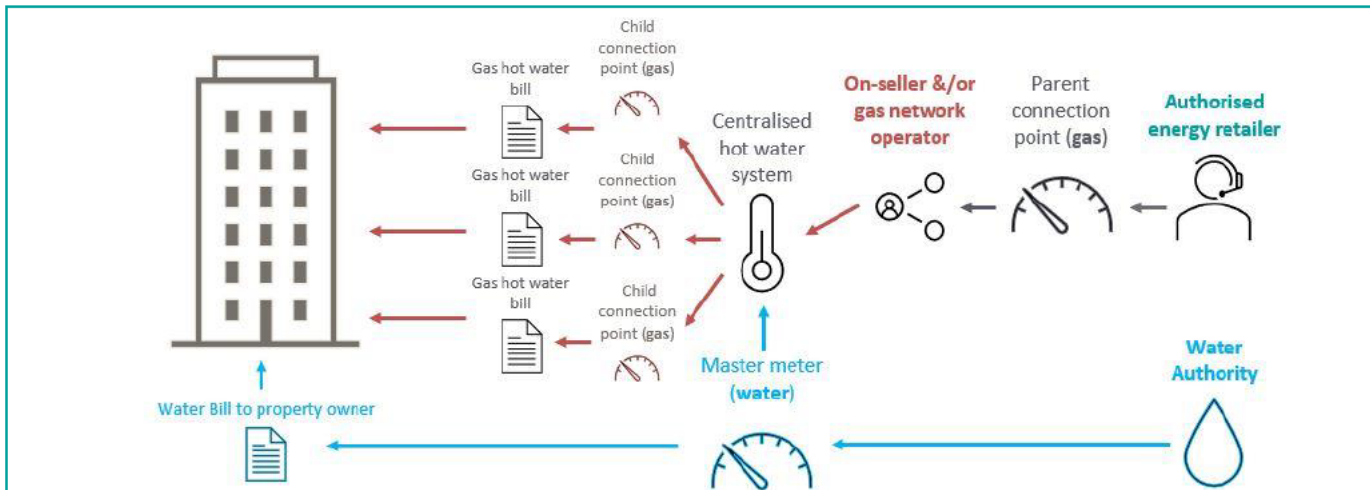


| Risks categories | Consumer protection issues | Case studies | External Dispute resolution (EDR) options |
|------------------|---|---------------|---|
| Access to energy | <p>The fragmentation of energy supply into unregulated building services – The rise of embedded networks has seen a corresponding rise in separate billing for services such as centralised air-conditioning and centralised hot water. These services, despite their main input costs being energy, are treated by the exemption framework as being outside the consumer protections contained in NECF.</p> <p>The AER issues paper defines ‘essentiality’ in the energy as the provision of vital daily needs in modern life such as lighting, heating, cooling, refrigeration and the operation of appliances and electronics.</p> <p>If we follow this definition, customers who are required to open separate accounts for air-conditioning and hot water services should be entitled to the same consumer protections that apply to the billing and provision of energy services.</p> | Case study 33 | State consumer affairs agencies |
| | <p>The development of network tariffs for embedded networks – some licenced networks are now proposing to introduce network tariffs designed to apply to the parent connection point of embedded networks with residential customers. These new tariffs are likely to increase the average cost of energy for residential embedded network customers in these network areas.</p> <p>The introduction of network tariffs designed for embedded network customers recognises that there are multiple energy users behind each parent connection point, and the energy used by these customers is cross-subsidised by customers directly connected to the network. However, what these network tariffs fail to recognise is that embedded network customers are not treated equally. An</p> | Case study 34 | None |

| | | | |
|-----------------------|---|---------------|--------------------|
| | <p>embedded network customer is not covered by the networks deemed connection contract and is not recognised as a network customer. This means when there is a network incident that affects the parent connection point, and therefore the supply of the embedded network customer, they have no avenue to complain, and they are not covered by the networks guaranteed service levels (GSL).</p> <p>The proposal to introduce network tariffs designed for embedded networks are specifically designed to charge the parent connection point in a way that reflects the individual users at the child connection points with the network. This is a straightforward solution for an economic problem of grid connected customers cross subsidising the energy costs of embedded network customers. What this solution fails to acknowledge, is that embedded network customers already benefit from less consumer protections than grid connected customers do, and are effectively treated as second class energy users – a significant issue when most people are not living in embedded networks by choice.</p> | | |
| | <p>Access to DER products and services is more complex for embedded network customers:</p> <ul style="list-style-type: none"> • clear and independent information and advice can be more difficult to obtain for embedded network customers. Embedded network operators are not always experts in DER products and customers often receive conflicting or misleading advice about purchasing, connecting and operating these products in an embedded network. • connecting DER products and services at child connection points within an embedded network increases the number of entities that a customer must deal with. The multiple entities involved in the process are the solar retailer/installer, the embedded network operator, the exempt seller, and the licenced network provider. <p>Many existing embedded networks were not designed to accommodate customers connecting DER products at each child connection point. If poorly planned for, customers may end up facing significant bills for upgrading the embedded network to accommodate aggregated solar export.</p> <p>This will also be a potential barrier for increased ownership of electric vehicles.</p> | Case study 35 | Multiple (unclear) |
| Access to information | <p>The information available to customers disclosed to customers about embedded networks is still a risk for many consumers.</p> <p>The exemption framework contains appropriate rules about information disclosure to new customers in embedded networks, however, there is still a gap in information available to consumers about embedded networks at the time they are making a decision to purchase a new home or accept a new lease. There needs to be</p> | | Multiple (unclear) |

| | | | |
|--|---|--|--|
| | more community awareness about embedded networks and their impact on consumers and their energy services. | | |
|--|---|--|--|

7. Gas embedded network with centralised hot water service consumer model



| Risks categories | Consumer protection issues | Case studies | External Dispute resolution (EDR) options |
|-----------------------|---|----------------------|---|
| Access to energy | There is no guarantee of a hot water supply in a gas embedded network. When consumers only have access to one source of hot water, without the option to find an alternative service, a significant power imbalance is created between the customer and the supplier. | Case studies 38 & 39 | Multiple (unclear) |
| | Hot water accounts are bundled with other services, such as unmetered 'cook top' gas, hot water and metered air conditioning. The customer must open several accounts but all with the same energy provider. If situations arise where customers are unable to afford to pay for one service, they risk being disconnected from other services. | | Multiple (unclear) |
| Switching providers | Gas embedded networks with hot water services are a monopoly and hot water embedded network customers do not have access to retail competition. | | Multiple (unclear) |
| Access to information | Consumers living in embedded networks with hot water services do not get basic energy consumer protections like those contained in the NECF, such as: <ul style="list-style-type: none"> • rules for Undercharging/overcharging • information contained on bills • standard contracts terms and conditions. Consumers complain to EWON about: <ul style="list-style-type: none"> • a lack of negotiating power • a lack of transparency on the calculation of charges and tariffs • billing delays, billing errors and backbills. | Case studies 36 & 37 | Multiple (unclear) |

| | | | |
|--------------------------------------|--|---------------|--------------------|
| Consumers experiencing vulnerability | Consumers living in embedded networks with hot water services do not have protections designed for customers with affordability problems, like retailer hardship programs or rules about disconnection and reconnection. | Case study 40 | Multiple (unclear) |
| Dispute resolution | A customer living in a hot water embedded network can currently make a complaint about their retailer to NSW Fair Trading or the NSW Civil and Administrative Tribunal (NCAT). However, these customers do not have access to an industry ombudsman scheme for free, fair and independent advice and dispute resolution. | | Multiple (unclear) |

Case Study 1

Retailer breaches contract terms for electric vehicle energy plan

A customer purchased an electric car and accepted an electric car plan from an energy retailer of \$1 per day. The customer then received his first electricity bill from the retailer which he considered to be high and did not reflect the energy plan he accepted. The customer called the retailer to complain about the bill and was advised that a new electricity meter must be installed before the plan could commence. The customer was disappointed that this was not clearly explained to him earlier so he could adjust his usage and use a petrol car while waiting for the meter. The new meter was installed by the retailer with cabling to allow the meter to be placed in a new location. The customer complained to EWON that it had been two weeks and it was unclear whether his electric car energy plan had commenced. The customer had contacted the retailer three times and was told that an officer from its car team would call him back, but this never occurred.

We referred the matter to the retailer for resolution at a higher level. The customer returned to EWON as the complaint remained unresolved. The customer advised us that the retailer had agreed to replace his original three phase meter with two new three phase meters. The retailer instead installed a one phase meter to service his electric vehicle which caused the electricity supply to trip. After the retailer removed this new meter, the vehicle was charging from the main electricity meter for his home. We contacted the retailer to clarify its response to the complaint. The retailer advised that when the customer accepted the electric car energy plan an off market submeter was installed to record the usage by the electric vehicle. The retailer would not reinstall the submeter after it was removed because it no longer offered the plan that the customer originally accepted. The retailer acknowledged the customer was no longer receiving the benefit of the \$1 per day electric car plan despite the 12-month contract automatically rolling over for an additional year. The retailer offered the customer a credit of \$500 to cover the lost benefit of the plan based on an estimated usage for the car of 8kWh per day. We requested the meter data from the off market submeter to review how the customer's car had previously used electricity when charging. EWON's estimate of the daily usage by the electric car was 43kWh per day. On that basis, the retailer revised their offer to credit the customer with \$3,000 to reimburse him for the benefits of the \$1 per day electric car plan. The customer accepted this offer as a resolution to the complaint.

Case Study 2

An additional meter behind the connection point records the amount of electricity used to charge the customer's electric vehicle

A customer was disputing a quarterly electricity bill from her energy retailer. 2,319 kWh of electricity consumption was recorded on the bill for the supply period and the retailer had not applied her 17% pay-on-time discount. The customer advised EWON that there was an additional meter installed at the property, specifically used for monitoring the charging infrastructure for her electric car. The energy plan she had accepted was structured so that the consumption recorded by the additional meter would be deducted from the total kWh she was charged for the supply period – which meant that she would not be charged for charging her car. The customer was disputing the amount of electricity recorded by this additional meter (455 kWh) because this indicates the car was only charged five times during the supply period and she knew it had been charged more than that. The customer complained to the energy retailer, which advised that the bill would be reviewed and reissued if it was found to be incorrect. The customer had received no advice from the retailer for four months and was then contacted by a debt collection agency

We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing she could return to us if he was unhappy with the outcome.

Case Study 3

The customer disputes their energy retailer's demand for final payment for a rooftop solar and battery system

A customer advised EWON that he purchased a solar system directly from his energy retailer which had been installed three years ago. The energy retailer had recently contacted the customer notifying him that he had failed to pay for the battery and the letter threatened to refer him to debt collection. The customer complained to the retailer that he had already paid \$10,979 at the time the installation was completed. The customer forwarded an email receipt of the payment to the energy retailer along with biller code, reference number and receipt number for the payment. The retailer advised the customer that unless he could provide a record of the bank account number that the payment was made to, it considered that the payment had not been made. The customer complained to EWON that the retailer's response to this issue was unreasonable.

We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing she could return to us if he was unhappy with the outcome.

Case Study 4

The customer disputes the battery installation fees and charges imposed by an energy retailer

A customer contacted EWON about additional charges applied by his energy retailer for the installation of a battery at his property. The customer agreed to purchase the battery from the retailer and after a site inspection the retailer advised that a bollard (these are required if the battery is located in a garage) would need to be installed but there would be not additional work. The customer was later advised by the retailer that the connection to his home would need to be upgraded with a three-phase meter at a cost of \$1950.00. The customer was then contacted again by the energy retailer to advise that he would receive a separate charge for the bollard (\$248) and an additional \$777 for unspecified site work. The customer complained to EWON that he considers the retailer should have known about these additional costs and told him about the fees and charges upfront. The contract did specify that he could incur additional charges, but he was also told by the retailer that the charges would be clarified after the site inspection. The customer advised EWON that he was seeking for the retailer to waive the charges that were notified to him after the initial site inspection.

We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing she could return to us if he was unhappy with the outcome.

Case Study 5

The tiered rewards for participating in a VPP are limited for the customer due to the performance of the solar system installed by a VPP partner

A customer agreed to an energy plan with an authorised energy retailer (under a white label) that included participation in a VPP. The retailer offered a range of plans in which customers paid a fixed monthly charge for energy usage based on the capacity of their solar PV panels, a minimum amount of solar generated annually, and the capacity of the battery. The contract also capped the household's annual usage, set a rate (\$/kWh) if the customer's usage went over the cap, and allowed the retailer to remotely control the customer's battery as part of the VPP. The customer purchased the battery from the battery provider and paid a third party to install the rooftop solar system based on the specifications provided by the battery provider and energy retailer.

The customer advised EWON that he had recently experienced billing problems due a fault with the system. The customer had received what was effectively a backbill for \$1,671.71 due to the system fault and because the performance of the rooftop solar and battery system had not

reached the minimum performance requirements of the specific tier of VPP contract the customer had agreed to.

The customer had also asked to be taken off a controlled load tariff and been told to get an electrician to do this, but the electrician referred him back to the retailer and battery provider. The customer called the battery provider, which was unsure how to initiate the change in network tariffs.

The customer also complained to EWON that after four years of participating in the virtual power plant, the system he installed had never met the agreed upon 12,100 kWh minimum annual generation requirement. The customer contacted the retailer and battery provider about the performance of his system, and both referred him to the solar installer, who explained that the system would never achieve the solar generation required by his energy plan. The customer again spoke with the retailer and battery provider and was told the design of the system was correct, and that other customers were able to meet the annual solar generation requirements of the energy plan with the same system design. The customer advised EWON that he wanted a clear explanation of why the system was not meeting the requirements of the energy plan. The customer complained that he felt misled by the retailer, battery provider, and solar installer.

EWON spoke to the customer again and he advised that the metering issue had been resolved. EWON advised the customer that as the customer's complaint about the design, specifications, and performance of his system related to his energy plan it was not within EWON's jurisdiction and referred him to NSW Fair Trading.

Case Study 6

An ongoing dispute about a rooftop solar and battery installation by the energy retailer and a related billing complaint impacts financially on customer

A customer advised EWON that he recently purchased a rooftop solar PV system from his energy retailer. The retailer completed the installation for the rooftop solar system and battery storage and the customer made the payment for the system. The customer advised EWON that the work had not yet been completed because the agreement was that he should be able to use the rooftop solar and battery system in the event of a network outage in his area. The system was installed but it did not have this capability. The customer has been following up with his retailer for three months to have this part of the work completed but he had no success. The customer has also asked for information from the retailer about the billing of his account and he had been unable to obtain information from the retailer about how to download the data on his usage. The customer complained to EWON that the ongoing issues with the rooftop solar system purchased from the retailer, and the lack of billing information, were impacting him financially.

We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing she could return to us if he was unhappy with the outcome.

Case Study 7

The customer purchases a rooftop solar system from their authorised energy retailer and the system was not fit for purpose

A customer advised EWON that she purchased a 6.6kW rooftop solar system from her retailer. The system was installed, and initially appeared to work. A few months after installation the inverter began to frequently trip and turn off for periods of 30 to 60 minutes at a time. This periodic failure was confirmed in an app that had been provided to monitor the amount of energy generated by the system. The customer complained to their retailer, who then contacted the distributor. The distributor sent a technician to the home and issued a defect notice for the

installation because the inverter was larger than had been approved in the application to connect to the system. The customer advised that the retailer installed a limiter on the inverter, which meant that the system output was now only 3kW. The customer complained to EWON that they ended up with a smaller system than promised, and yet were still paying the same amount to their retailer.

The customer advised that they had not yet made a complaint to the retailer about the final cost of the system. EWON advised the customer to make a complaint to the retailer in the first instance. EWON also advised the customer to check the terms and conditions of their agreement to purchase the rooftop solar system. EWON advised the customer that they could return for further advice if the complaint remained unresolved.

Case Study 8

A dispute of payment for the installation of a battery storage system delays the customer's ability to switch to another retailer

A customer opened an electricity account with the energy retailer with the intention to purchasing battery storage directly from the retailer. The retailer advised the customer that he would receive an invoice to pay for the installation of the battery within five business days and once he made payment, he would be free to transfer to another retailer. The customer complained to EWON that he had not received an invoice for the battery from the retailer, but it had commenced taking direct debit amounts from his bank account. The customer had not received a bill or invoice to show what the direct debits are for. The customer had sent six emails to the retailer requesting more information and for the invoice to be sent and he had received no response. The customer complained that the delay in resolving this issue was preventing him from switching to a better retail offer.

We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing she could return to us if he was unhappy with the outcome.

Case Study 9

Installation of a battery storage system does not meet the retailer's promises of lower bills

A customer purchased a household battery from their retailer for \$7,000. The customer had agreed to a repayment plan of \$119 per month to the retailer based on the retailer's claim that the repayments would be offset by the financial benefit they would receive from the use of the battery. The customer complained to EWON that since installing the battery they have received two quarterly electricity bills from the retailer that did not reflect a reduced electricity consumption or show a financial benefit to match the monthly repayments for the battery. The customer complained to EWON that the billing should be reviewed by the retailer.

We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing she could return to us if he was unhappy with the outcome.

Case Study 10

A customer felt misled by energy retailer that provided a finance product for the installation of a rooftop solar system

A customer installed a 6.6 kw rooftop solar system and agreed to a finance arrangement for the \$13,643 cost of the system. The finance product for the solar system was offered by an authorised energy retailer and EWON member. The customer advised EWON that she was told that her repayments would be \$480 a quarter but her electricity bills will be zero. The customer explained to EWON that her last electricity bill was \$271.21 on top of the \$480 repayment. The customer complained to the energy retailer that her electricity bill was higher than promised. The retailer

advised the customer that the rooftop solar system was functioning correctly. The customer complained to EWON that she felt that she was enticed into signing a contract for solar based on misleading advice from the retailer.

The retailer's conduct was not within EWON's jurisdiction. EWON referred the customer to NSW Fair Trading as the issue was related to the finance and installation for the rooftop solar system and not a dispute about the accuracy of the retail electricity charges.

Case Study 11

A customer complains that not enough information was provided to her by the energy retailer or solar retailer about the limits to the retail rewards she can receive from her rooftop solar system

A customer purchased the installation of a rooftop solar system after receiving direct marketing from a solar retailer. The customer then contacted her energy retailer and accepted a retail market contract that included a solar fee-in rate of \$0.21 per kWh. 12 months later the customer received notification from her energy retailer that her solar feed-in tariff would be reduced from \$0.21 to \$0.07 per kWh because her system exceeded 10 kWh generation. The customer complained to EWON that information about the limit on the capacity of her rooftop solar system was not explained to her by either the retailer or the solar retailer. The customer had since transferred to a different energy retailer but complained to EWON that there should be more regulation over the information that must be provided to solar consumers both by energy retailers and solar retailers.

The retailer's conduct was not within EWON's jurisdiction. EWON referred the customer to NSW Fair Trading.

Case Study 12

The customer was not aware that the solar feed-in rate was variable when he accepted a quote from an energy retailer to purchase and install a rooftop solar system

The customer approached his energy retailer to purchase a rooftop solar system. The customer was provided a quote by the retailer with a summary of the expected savings he could expect through purchase of the system, this included a \$0.25 per kWh solar feed-in tariff. The customer accepted the offer and paid for the installation of the rooftop solar system. The customer then received his first electricity bill and noted that he did not receive the \$0.25 per kWh feed-in tariff from the retailer. The customer complained to the retailer and was provided with a the \$0.25 per kWh feed-in tariff for 24 months. That energy plan was now expiring, and the retailer advised the customer that the feed-in rate would be reduced to \$0.10 per kWh. The customer complained to EWON that the quote he was provided for the rooftop solar system led him to expect that the retail rewards for exporting energy to the grid would be much higher.

EWON provided the customer with advice about the regulation of market retail contracts and solar feed-in tariffs. EWON advised the customer that the feed-in rates offered by retailers were subject to change. We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing she could return to us if he was unhappy with the outcome.

Case Study 13

The customer misunderstands the complex terms and conditions of a Solar Power Purchase Agreement (SPPA)

A customer accepted a solar power purchase agreement from his energy retailer because he thought that the offer was a free solar system if he accepted an 84-month fixed term energy plan.

The customer was told that he would be saving money based on the solar energy he received. The customer then received details of the SPPA plan which stated that his current rate for energy usage would change from \$0.29 per kWh to \$0.25 per kWh and he would not be receiving a solar feed-in credits after the rooftop solar system was installed. The contract also stated that he would be required to pay an additional cost for the solar system over the following 84 months. The customer complained to EWON that he felt misled into agreeing to an SPPA contract based on false information provided by the retailer's sales staff. The contract had commenced but the rooftop system had not yet been installed. The customer had contacted the retailer to cancel the contract and the retailer stated that it would consider his complaint. The customer had not received a response from the retailer before contacting EWON.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

Case Study 14

A customer complains sales staff made misrepresentations about the solar feed-in tariff he would receive when purchasing a rooftop solar system directly from the retailer

A customer advised EWON that he purchased a 20kW rooftop solar system for his business on the basis that he would also receive a solar feed-in tariff of \$0.22 per kWh. The customer found out after signing the contract that the payment of the solar feed-in tariff of \$0.22 per kWh was limited only to the first 14kWh exported for each period, and then the feed-in tariff dropped to \$0.05 per kWh. The customer complained to the retailer about the lack of transparency about the feed-in tariff limits before he agreed to purchase the solar system. The retailer offered to provide the customer with a credit of \$1,200 due to the lack of information provided about how the feed-in tariff worked. The customer complained to EWON that he initially only wanted a 10kW system but spent an extra \$5,000 on the solar system based on the feed-in tariff that was initially offered. The customer noted that he would continue to be affected by this misrepresentation.

EWON assessed that the sale of the solar system was not within EWON's jurisdiction, however, EWON referred the matter back to the retailer at a higher level to see if the matter could be resolved for the customer. EWON also referred the customer to NSW Fair Trading based on his complaint that the sale of the rooftop solar system was misleading.

Case Study 15

A customer facing affordability issues was managing two fortnightly payment plans with their energy retailer – one for their energy usage and one to pay for the installation of a rooftop solar system

A customer contacted EWON after receiving a disconnection warning notice from her energy retailer. The customer advised EWON that she was on two fortnightly payment plans with her energy retailer, one for their energy usage and one to pay for the installation of a rooftop solar system. The customer complained to EWON that she had not received a bill for over six months. The customer was confused about what amount she owed and was unable to see how much energy she was exporting to the grid because she had not been receiving bills. The customer was concerned that the rooftop solar system was not installed correctly, but the retailer has assured her that the system is working. The customer advised EWON that she was a single parent with young children and would be badly impacted by being disconnected.

EWON contacted the retailer to obtain information about the customer's billing and to negotiate a sustainable payment arrangement. The retailer advised EWON that the customer's bills were being sent to the billing address. The retailer also confirmed that the customer's meter was

recording energy being exported from the customer's system to the grid and the customer was receiving credits for this export. The retailer advised that the customer was not on a formal payment plan but did make regular payments that were slightly less than the charges for her ongoing usage. The retailer offered to refer the customer to its affordability program and offered to match any EAPA payment the customer was eligible for – up to \$250. The customer accepted this offer to resolve the complaint. EWON provided the customer with information about her billing, information on how to apply for EAPA, and recommended that the customer provide the retailer's affordability team with her email so she can receive bills electronically.

Case Study 16

Complex high bill dispute after customer purchases rooftop solar system

A customer purchased a solar system from their retailer five years earlier and advised EWON that for the previous four years, the amount of energy generated by the panels did not meet the promises made by the retailer. The customer had spoken to the energy retailer about high electricity bills multiple times over the four-year period. The retailer had arranged for an inspection of the solar panels on two previous occasions. At the first inspection, the technician suggested there was a fault with the solar panels. At the second inspection, a different technician identified that the solar inverter was not communicating correctly with the rest of the system. The energy retailer then referred the customer to the inverter manufacturer.

The customer complained to EWON that she had difficulty obtaining a report on her rooftop system from the retailer, and the email address the retailer gave her for the manufacturer was no longer valid. The customer was unable to obtain an independent inspection because the system was still under warranty from the retailer.

The retailer advised EWON that the inspections of the customer's system did not reveal any fault. The retailer also noted that the customer's meter was recording a significant amount of solar energy exported to the grid, but the customer's household consumption had also increased substantially since 2018. The customer had enquired about a meter test but chose not to go ahead because of the \$534.16 fee. After EWON's contact, the retailer offered to test the customer's meter at no cost. EWON also obtained the retailer's records for the billing of the account and the meter data for the customer's consumption and the solar energy exported to the network.

EWON's review of the customer's billing and meter data for their electricity consumption and exported solar energy indicated the retailer had billed the account accurately. The meter test requested by the retailer confirmed that the meters were recording the electricity consumption and export accurately. EWON also reviewed the customer's contract and confirmed that the correct rates and solar feed-in tariff had been applied to the account. EWON advised the customer that it could not investigate the functionality of the rooftop solar system or the application of the warranty for the system. The customer was referred to NSW Fair Trading for the complaint about the solar system.

Case Study 17

A customer with a solar power purchase agreement (SPPA) is confused about which entity is their energy retailer responsible for metering

A customer had accounts with both an energy retailer and an exempt seller through a solar power purchase agreement (SPPA). The rooftop solar system was installed by the exempt seller 12 months prior, and the digital meter was installed seven months later. For the seven-month period between the installation of the rooftop solar system and the meter being upgraded the customer received high estimated electricity bills that did not make sense to him. The customer complained

to the exempt seller that the delay in installing the new meter had resulted in estimated bills. The customer also complained that since the rooftop solar and new meter were installed his overall energy costs had doubled. The exempt seller advised the customer that he should no longer have an account with his preferred energy retailer. The exempt seller's advice left the customer confused and he made several more enquiry calls but the issue remained unresolved.

EWON checked the national metering database on behalf of the customer and confirmed that Financially Responsible Market Participant (FRMP) for his premises was still the energy retailer he previously opened an account with. EWON explained that he could make a complaint about the estimated bills and high bills to his energy retailer, however EWON did not have jurisdiction to take a complaint about the energy bills he received from the exempt seller (through the SPPA). EWON advised the customer that he would need to make a separate complaint about the SPPA billing to NSW Fair Trading.

Case Study 18

A tenant loses control over the energy accounts for their property so that the landlord can benefit from the solar export

A customer contacted EWON for advice about her tenancy situation. The customer advised that the energy account for the property she lived in was in her landlord's name. There was a rooftop solar system installed at the property and the landlord received the solar feed-in credits and she was asked to pay for the energy consumption and other fixed charges through a bill she received from her landlord. The customer wanted to know if the landlord was allowed to pass on the electricity charges in this way.

EWON referred the customer to NSW Fair Trading and the NSW Tenancy Union for initial advice about the lease arrangement.

Case Study 19

A customer disputes the billing of his energy plan where the pricing is based on the wholesale energy price

A customer contacted EWON after he switched to a new retail energy plan with a new retailer. The energy plan was structured so that the charges applied to the customer's electricity usage would vary depending on the average wholesale energy price at the time. Since he had switched retailers, he had received four monthly bills that were higher than he had expected. The bills were based on actual readings of his electricity meter, but he did not consider the billing reflected his electricity consumption. The customer was concerned that he had been charged high prices at certain times. The customer complained that the mobile app provided by the retailer indicated that at one point he was charged \$15.79 per kWh, however the bills he receives from the retailer did not breakdown the exact wholesale prices that were applied to the billing. The customer noted that he had received a text message from the retailer during periods of peak demand in his local area warning him to reduce his consumption, however, he was at work and unable to act on the messages. The customer complained to the retailer but was not satisfied with their explanation.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

Case Study 20

A customer has difficulty closing his energy account with an authorised energy retailer due to the electrical vehicle charging service included with his contract

A customer contacted EWON to complain that he was unable to close his account with his energy retailer due to the electrical vehicle charging service included with his contract. The customer was moving interstate and he contacted his retailer to close the account. The customer was advised by the customer service staff that he needed to contact the specialist team for electric vehicle charging plans to close the account. The customer spoke with the retailer's specialist team over two separate occasions, and they were unable to close the account because the process required special access to the customer's property – and only another team could handle this. The customer complained to EWON that he had tried on five separate occasions to close his account and had not resolved the issue.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

Case Study 21

A customer disputes the set-up costs and ongoing fees for an energy plan that included behind the meter services because the benefits did not meet the expectations set by the retailer's marketing material

A customer agreed to an energy plan that included the remote energy management of some large appliances and additional behind the meter services, after being approached by a door-to-door marketer. The marketer advised the customer that they would receive significant savings in their energy bills of up to 30%. The energy plan included set up costs of over \$2,000. The customer complained to EWON that since signing the contract they have had a number of problems completing the set up and after installing new equipment in their home nine months prior they now owed over \$7,000 in energy charges and set up costs to the retailer. The customer wanted the retailer to waive the money owing for the set-up costs and to allow them to leave the contract without charging the \$1,000 exit fee.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

The customer returned to EWON after speaking again with the retailer and the complaint remained unresolved. EWON contacted the retailer to obtain more information about the customer's billing and set up costs. The retailer advised that the information provided in their marketing material was based on the energy consumption of large electrical appliances in a typical household. The retailer had analysed the customer's consumption after the equipment had been set up and found that the customer's household was not typical, and the large appliances were contributing a much smaller proportion of their overall household energy costs. The retailer's equipment had performed as promised but the outcome was not as significant because the customer's energy usage profile was different to the typical household. The retailer offered to waive their fees for the behind the meter services they had been provided, waive the exit fee for leaving the contract within the 12-month benefit period and gift the equipment installed at the property to manage the energy usage of the large appliance. The customer accepted the retailer's offer as resolution to the complaint.

Case Study 22

A customer complains that participation in the virtual power plant has led to an increase in his overall energy costs

A customer purchased and installed a rooftop solar system and battery storage and transferred his energy account to a white label retailer specialising in managing virtual power plants. The customer complained to EWON that his energy bills had increased dramatically after switching to the new VPP contract compared to his previous bills before he had the battery storage installed. The customer has been in contact with the energy retailer to find out why his costs have increased, and he was not satisfied with their explanation. The customer also contacted the battery retailer who noted that the full capacity of the battery was not being used and made some adjustments to the connection with his rooftop solar system. Based on the advice from the battery retailer the customer considered that there is a 5kWh gap per day between the energy he generates, uses, and exports to the grid.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

Case Study 23

A customer complains about the excess usage charges billed to them on top of the flat subscription fee they paid to participate in the virtual power plant

A customer purchased and installed a rooftop solar system with battery storage. After the installation was completed, the customer was contacted by a direct marketer for a white label retailer offering to sign them up to an energy plan that involved participation in a virtual power plant. The white label retailer was partnered with the solar retailer that had installed the system. The marketer advised the customer that after the solar and battery system was installed their energy bills would be \$0 and instead, they would pay a monthly subscription fee of \$49. The energy plan also required the customer to consent to the energy retailer access to, and control, of their battery and inverter. The customer decided to accept the offer, when the marketer advised that the monthly subscription fee would be waived for the first 12 months. The customer advised that they received no bills for the first three months and then they started to receive bills showing that their account was in credit by varying amounts. Then 18 months later the customer was debited for seven months of subscription charges and \$246 in excess charges. The excess charges related to the fact that the customer was consuming more energy from the grid than was provided for by the subscription fee they were paying. The customer asked to see copies of the bills to verify why they had received excess charges and the retailer advised that it was having difficulty with its billing system, and it was working on a resolution. Four months later the customer was again debited for \$940 of excess charges. The customer was again frustrated as they were not provided with any billing information for which to verify their energy consumption. The customer complained to EWON that the amount they were now paying (a \$49 monthly subscription fee and approximately \$130 a month in excess charges) was more than promised by the sales representative. The customer has complained to the energy retailer about the lack of billing information and requested for someone to check their rooftop solar system and battery. The customer complained that they had received no response to the matter.

EWON discussed the complaint further with the customer who noted that they had now made a complaint to the authorised retailer that was partnered with the white label retailer. EWON advised the customer that she should allow the authorised energy retailer an opportunity to respond to the complaint, with the knowledge that she could return to us if she was unhappy with the outcome.

Case Study 24

A customer participating in a virtual power plant requests a review of their energy bill which includes export credits that vary with the wholesale energy price

A customer with a rooftop solar system and battery agreed to switch to a white label retailer for an energy plan that included participation in a virtual power plant (VPP). The customer complained to EWON that after he received his first energy bill, he was disappointed to see that he was receiving very little benefit from the new energy plan and so he had requested a billing review by the white label retailer. The retailer advised him that the billing would be reviewed, however, he received inconsistent information, and many of his calls went unreturned.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome

The customer returned to EWON because his negotiation with the retailer had stalled. The customer complained that he had asked for the \$0.06 feed-in tariff on his bill to be reviewed by the retailer and he has had no response. EWON contacted the retailer and obtained information about the billing of the customer's account. Based on our review and the information provided by the retailer, EWON advised the customer that when his battery was full, the additional solar energy generated by his rooftop system would be exported to the grid at \$0.06 per kWh. In periods of high demand, when the spot price rose above the minimum amount set by his contract, the retailer would export the energy from his battery and customer would be eligible for a higher feed-in tariff. These trading credits were calculated based on the amount of energy put back into the grid multiplied by the applicable wholesale spot price. EWON noted that the reason the customer had not yet received additional benefits was that the market conditions defined by the contract had not yet been met since the battery was installed. The retailer provided the customer with a link to a page on their website where he could access the Australian Energy Market Operator's (AEMO) wholesale Spot pricing. The customer was satisfied with the additional information that he received through EWON's review and considered the issue to be resolved.

Case Study 25

A retailer operating a virtual power plant continues to remotely operate the customer's battery after the energy contract was terminated

A customer accepted an energy offer from a company that operates as a white label brand under the authorisation of another energy retailer. The energy offer included the installation of a storage battery through another solar installation company. The customer contacted EWON after he became aware that the company providing his retail energy services was using software to trade the energy stored up in his battery. The customer considered that the company's focus on trading the energy in his battery resulted in higher bills for his electricity usage. The customer had contacted the energy company and advised it that he did not consent to the use of his battery. The customer advised EWON that the energy company told him that the misunderstanding was due to his error.

We referred the matter to the authorised retailer, for resolution at a higher level with the customer's acceptance knowing he could return to us if he was unhappy with the outcome. The authorised retailer advised EWON that it had contacted the customer and discussed the complaint. The retailer clarified that the customer had complained that the software controlling the battery continued to be used after the agreement had been cancelled. The retailer confirmed that the control of the customer's battery had now ceased, and it had analysed the customer's data and assessed that the customer had not been disadvantaged by the error. The retailer advised EWON that the matter had been resolved directly with the customer to his satisfaction.

Case Study 26

A retailer operating a virtual power plant continues to remotely operate the customer's battery after the energy contract was terminated

A customer agreed to an energy plan with an authorised energy retailer (under a white label) that included participation in a virtual power plant (VPP). The customer owned two solar panel PV systems and two batteries with 6 kWh of storage. The contract allowed the retailer to remotely control the customer's battery and inverter as part of the operation of the VPP. The customer decided to switch energy retailers three months later because he felt that the VPP was not delivering the expected financial benefits. Nine months later, the customer's HEMS discovered the VPP software installed on the inverter was still active and controlling the export of electricity from his battery to the grid.

The customer complained to the energy retailer responsible for the VPP contract that the software still appeared to be operating and did not receive a helpful response. However, he noted that the software stopped operating a month later.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

The customer contacted EWON again to advise that his previous energy retailer had contacted him following our referral, advised him it had made a mistake and corrected the software issue. He also advised EWON that he had accepted the retailer's offer of \$200 compensation.

Case Study 27

A customer's electrical appliance was no longer working when the energy retailer removed a behind the meter device (HEMS) which remotely controlled the appliance

A customer decided to cancel his retail energy plan that included the provision of behind the meter services, such as the remote control of a household appliance that used a large amount of electricity. At the time of cancelling the contract, the retailer sent a technician to his home to remove the device controlling his appliance. The customer complained to EWON that since the remote-control device had been disconnected his appliance has stopped working. The customer complained to the energy retailer, and it advised that it could not investigate the matter further because it was no longer his retailer.

EWON advised the customer that as the retailer's conduct related to the provision of a behind the meter service, the complaint was not within EWON's jurisdiction. EWON referred the customer to NSW Fair Trading.

Case Study 28

A promised app to enable the customer to control usage doesn't work

A customer agreed to open an account with an energy retailer after contact from a direct marketer. The customer advised EWON that the energy plan offered by the retailer included the use of a mobile app that allowed the customer to monitor and control one of their appliances that used large amounts of electricity. The customer complained to EWON that the mobile app that was meant to be delivered along with their contract was not working. After several calls to the retailer, she was initially provided some information to try and fix the app, but after time the retailer acknowledged it was experiencing problems with the app and was working on a solution. The customer complained to EWON that he had paid a large amount to the retailer in set up costs, based on the promise of saving large amounts off his energy bills. With the app not working, he was not making the savings promised by the retailer's marketer. The customer also complained

that his energy bills had appeared to increase not decrease. The retailer eventually agreed to send a technician to the customer's home to attempt to fix the issue, but the visit failed to happen.

EWON advised the customer that as the retailer's conduct related to the provision of a behind the meter service (the mobile app), the complaint was not within EWON's jurisdiction. EWON referred the customer to NSW Fair Trading.

Case Study 29

The data from a customer's battery and inverter conflicts with the data provided to him by his energy retailer

A customer had a battery storage system installed at their home. The customer's energy retailer had also recently installed a digital meter at the property. The customer advised to EWON that the retailer's billing of his energy consumption did not match the data that provided from his battery/inverter. The data that the customer was provided from his battery system was showing large amounts of energy exported to the grid and minimal amounts of energy imported. The customer complained to the retailer, but it would not accept his data as a basis for reviewing the billing. The retailer did send a technician to test the meter and the meter passed as accurate. The customer complained to EWON that he wanted his energy retailer to consider the information provided by his battery system and explain the difference between the two data sets.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

Case Study 30

The customer complains that the data monitoring app provided by his retailer is faulty

A customer advised that his authorised retailer provided him with an app to track his solar export and the energy he uses from the grid. Recently, the customer checked the app and the data for his solar energy exported to the grid was showing as estimated. The historical data for the solar energy he had previously exported to the grid had also been deleted from the app. The customer contacted the retailer and complained about the estimated and missing data from the app. The retailer advised that it could see his solar data. The retailer also advised the customer that his rooftop solar system may be faulty, and he would need to have it inspected. The customer paid for an electrician to inspect the system and no faults were found. The customer complained again to the retailer and asked to be escalated to a manager. The customer obtained a copy of the solar export data from the retailer's billing system. The customer did not consider any of the data to reflect his electricity consumption or solar export. The customer wanted the retailer to resolve the problems with the app and review their billing data.

EWON referred the matter to the authorised retailer for resolution at a higher level with the customer's acceptance and knowledge that he could return to us if he was unhappy with the outcome.

Case Study 31

The customer complains that the data provided by his retailer's mobile app is estimated

A customer complained to EWON about a rooftop solar system. The customer had been using his energy retailer's mobile app to track the amount of energy exported to the grid by his system, but he was frustrated that the app appeared to be based on estimated data. The customer wanted to make a complaint to EWON that the app should provide actual data.

EWON provided general advice to the customer about our complaint process, and that he could ask for a reviewing of his billing once the retailer sent him a bill.

Case Study 32

A customer complains that an exempt seller & authorised energy retailer do not provide a promised data service with the customers SPPA agreement

A customer entered a solar power purchase agreement with an exempt seller that held a retail exemption with the AER. Through the power purchase agreement:

- the exempt seller paid for the installation of the rooftop solar system on the customer's roof
- the energy generated by the rooftop solar system was be sold back to the customer at a capped rate below the retail market rate for electricity
- the customer paid any energy generated by the system and exported to the grid to the exempt seller at the applicable retail feed-in price. This payment would then be reimbursed back to the customer by their energy retailer, as per the conditions of their market retail contract.

After the sale and installation of the rooftop solar system, the rights to the customer's solar power purchase agreement were purchased by an authorised energy retailer. The customer noted that the terms and conditions of their original power purchase contract stated that the retailer would provide the customer with a web-based online monitoring account to read the amount of power the system delivers. The customer complained to the energy retailer that an online tool for monitoring energy usage had never been made available for the customer as agreed. The customer advised the retailer that they wished to terminate the contract.

The customer complained to EWON that the energy retailer had responded to the complaint by stating they did not consider the complaint grounds to terminate the contract. The customer complained to EWON that the agreement was for 15 years, and they did not believe the complete service was being delivered. EWON referred the customer to NSW Fair Trading as the terms of the contact were out of jurisdiction.

Case Study 33

A customer complains about the billing of a metered centralised air conditioning service

A customer contacted EWON through an interpreter. They had recently moved out of an apartment in a residential complex established as an embedded network. The customer contacted us about a bill for \$1,753.76 for air conditioning services they received for the billing period 17 July 2018 to 31 March 2019. The customer contacted the embedded network retailer and was told that the bill was based on actual meter data. The customer disputed using over \$200 a month for air-conditioning.

We contacted the retailer to obtain further information about the billing of the customer's account. The retailer advised us that the disputed bill related to centralised services, including air conditioning and potable hot water heating services. The retailer noted that both the air conditioning service and hot water services were metered to enable the customer's bills to account for the amount of gas or electricity used for the heating and cooling. The retailer conducted a further review of the customer's billing and identified that the customer was overcharged for air conditioning services by 192kWh, or approximately \$40. The retailer offered to credit the customer's account with \$50 to resolve the complaint. The customer accepted the credit as an outcome to the complaint.

Case Study 34

Embedded network customer unable to claim compensation for losses after 8-day power failure

In July 2020 a customer complained to EWON that he had experienced a power outage due to a transformer failure within the broader electricity network, which affected many customers in the area. The outage lasted eight days. The customer contacted the licensed network provider and requested it provide an electricity generator for his residential building so that residents could run some appliances. The network's customer service representative told the customer he could submit a claim to the network for compensation for food wastage if the outage lasted several days. After the power was restored, the customer submitted a claim to the licensed network provider. The claim was declined because the customer lived in an embedded network. EWON advised the customer that as he was not covered by a customer connection contract with the licensed network provider, he could only make a claim to his embedded network operator.

The customer returned to EWON after making the claim for losses caused by the unplanned outage to the embedded network operator. The embedded network operator had also declined the customer's claim. EWON referred the customer's complaint to the embedded network operator at a higher level. The embedded network operator provided EWON with the following reasons why the claim could not be taken further:

- The electricity outage was caused by the fault at the network substation and not within the embedded network, so the incident was outside the control of the embedded network.
- The embedded network operator did make a group claim on behalf of the customers within the embedded network, but the claim was declined by the licensed network provider.
- An individual claim could not be made on behalf of the customer to the licensed network provider as the incident was outside the regulated reporting period.

EWON contacted the embedded network provider to obtain more information about the handling of the customer's claim. The embedded network provider confirmed that the claim was initially rejected because the cause of the outage was an electrical storm, and the operator could not make a claim to the licensed network provider on behalf of the affected residents. This was due to the nature of the connection contract between the licensed network provider and the embedded network operator. The embedded network operator did offer to provide the customer with a credit of \$150 due to the lack of information provided in response to the customer's initial claim.

The customer complained to EWON again in November 2020. The customer advised that the network transformer that was replaced nine months earlier caught fire and caused a second electricity outage event in the building. The customer made a claim for \$400 due to food spoilage and was again referred by the embedded network operator to make the claim directly to the licensed network provider. EWON referred the matter to a higher level and the embedded network operator contacted the customer and apologised for providing incorrect information. The embedded network operator offered to include the customer's claim in the group claim it was making to the licensed network provider following the event.

EWON contacted the embedded network operator again to follow up on the outcome of the customer's claim. They advised that an explanation for the network event had not been received from the licensed network provider. The embedded network operator offered the customer a credit of \$150 due to the customer service issues he experienced following the event. The embedded network operator also agreed to support the customer's claim to the licensed network operator and to seek reasons for any decision. The customer accepted this outcome to the complaint about the embedded network operator.

The customer again returned to EWON when his claim to the licensed network provider was declined on the basis that he was an embedded network customer. EWON obtained the claim information from the embedded network operator and reviewed the customer contract for both the embedded network operator and the licensed network provider. EWON provided the customer with additional information and acknowledged that the customer was in a situation where they were unable to claim further for unplanned network outages.

Case Study 35

Licensed network service provider issues defect notice to Residential land lease community due to solar installations

A customer lived in a residential land lease community established as a retirement village. The customer's home had its own National Meter Identifier (NMI) and he held an account with an authorised energy retailer. Two years earlier the customer paid for a rooftop solar system to be installed at his home. The customer advised us that there were 20 other homes within the residential park that also had rooftop solar systems installed. The customer complained to EWON that he recently received a letter from the distributor advising that the total capacity of the solar generation within the residential park breached network standards. The distributor advised residents if the solar generation capacity issue was not mitigated their rooftop solar systems would be disconnected from the grid. The customer complained that the distributor's actions were not fair as it had approved the installation of each rooftop solar system.

We received complaints from all 20 affected residents over a 10-day period. We were also advised by other residents that the park operators had issued all residents with a rooftop solar system a quote for \$1,952 (ex GST) to pay for new electricity meters to be installed at each home and for upgrades to the embedded network.

We contacted the distributor to clarify what actions were being taken in relation to the upgrade of the embedded network. The distributor confirmed that it had been in communication with park residents and the park operator after issuing a defect notice requiring a centralised protection system to be installed within the embedded network. The distributor clarified that the rooftop solar systems were installed with individual applications between 2010 and 2019. The applications made by the solar installers included the agreement of the park operator who is responsible for the parent connection point to the embedded network. The distributor explained that relevant Australian Standards and the applicable Network Standard required the installation of a centralised protection system if the export capacity of a site with multiple small generators (a rooftop solar system with an inverter) and a single grid connection point exceeds 30kVA.

The distributor also noted that all Accredited Service Provider (ASP) and solar installers are aware of the need for centralised protection for multi-metered sites. The application that solar installers must complete also directs the installer to identify any existing generation already installed downstream of the point of connection. The applications the distributor received for this site did not identify any other existing installations. The distributor advised us that it had recently upgraded the online form for new solar installations which prompts solar installers to confirm if the connection is part of a multi-tenanted site so that the connection is checked before approval is given.

We also contacted the park operator and Fair-Trading NSW to obtain information on the rights and obligations of each resident to pay for new metering and upgrades to the network. Fair Trading identified that it was the responsibility of each solar installer and ASP to provide accurate information to the distributor for each new solar installation. Residents could complain to Fair Trading, providing copies of the paperwork for the solar agreements, if solar installers had

provided incorrect information to the distributor. We provided written advice to each affected resident about the information provided by the distributor and provided referrals to Fair Trading NSW and the NSW Civil and Administrative Tribunal for appeals against charges imposed by the park operator for upgrading the embedded network.

Case Study 36

Confusion over separate electricity, gas and hot water services

After receiving an invoice addressed to the 'Unit Occupier', an embedded network customer opened an account with her retailer in July 2018. The bill was for the energy used to heat the hot water and supply charges for the unmetred cook top gas. The customer then received a re-issued bill covering the period from the date of connection (March 2018).

Using an interpreter, the customer complained to EWON, that the re-issued bills were too high. She was also concerned that her payment of \$368.10 was not noted on the bill. The retailer had told her that the billing was based on digital meter data and was correct, however, she remained confused about what charges (electricity, hot water, or cook top gas) were contributing to the higher-than-expected bill.

The customer agreed to have her complaint referred to the embedded network retailer, who was a member of EWON, at a higher level, knowing she could return to EWON if an agreed outcome could not be negotiated. The retailer notified EWON that it responded to the customer's complaint by email on 9 October 2018.

The customer contacted EWON again on 19 October 2018 because she had not heard from the retailer. The retailer told EWON that the customer's payment of \$368.10 was received on the same day the bill was issued. The retailer also advised EWON that it had engaged the meter data provider to investigate the meter readings following the customer's complaint.

The meter data provider provided a photograph of the customer's meter which confirmed the correct billing of the account. The retailer noted that more information could have been provided to the customer at the first point of contact about how the hot water billing worked. The customer contacted EWON again on 29 January 2019 to advise that the retailer had contacted her and resolved the complaint.

Case Study 37

Lack of transparency about hot water charges

After receiving his first bill, an embedded network customer contacted his retailer to clarify how the hot water charges were calculated. The retailer explained that it was based on the amount of hot water he used, recorded by his individual hot water meter. The retailer also noted that the rate applied to each litre of hot water was determined by the cost of the gas used to heat the water.

The customer complained to the retailer that there was no transparency for each customer about how much water was used by the whole building or how the price of gas was converted into litres of hot water. The retailer advised the customer that it could not provide all the requested information. However, it explained that the price of hot water was calculated using an estimated common factor obtained from the local area gas distributor.

The customer complained to EWON as he was not satisfied with the retailer's explanation of his charges. He agreed to have his complaint referred to the embedded network retailer at a higher level, knowing he could return to EWON if an agreed outcome could not be negotiated. The

customer returned to EWON because he was unsatisfied with the response from his energy retailer.

EWON contacted the energy retailer, a member of EWON, to discuss how the complaint could be resolved and it offered to reduce the rates until the end of the financial year. The retailer also offered to backdate the reduced rates to the date the customer opened the hot water account. The retailer told EWON that it had recently sold the operation of the embedded network to another retailer, and therefore it could not guarantee the new rates after the sale of the network was complete. The customer accepted the reduced rates for hot water as a resolution to the complaint.

The meter data provider provided a photograph of the customer's meter which confirmed the correct billing of the account. The retailer noted that more information could have been provided to the customer at the first point of contact about how the hot water billing worked. The customer contacted EWON again on 29 January 2019 to advise that the retailer had contacted her and resolved the complaint.

Case Study 38

Closing hot water account would also disconnect customers gas supply

The customer lived in a hot water embedded network and was charged for hot water and gas by an authorised energy retailer. He was disputing his hot water charges of \$230 for a single month because he was living alone and thought he wasn't using the average of 450 litres of hot water per day as described on his bill. He asked his retailer to review the bill and for access to his hot water meter. The customer also asked the retailer to disconnect his hot water service because it was unaffordable. The retailer said that if the hot water was disconnected the gas supply to his apartment would also be disconnected.

The customer agreed to have his complaint referred to the embedded network retailer at a higher level, knowing he could return to EWON if an agreed outcome could not be negotiated. He returned to EWON because he was dissatisfied with the review conducted by the retailer.

EWON contacted the retailer and requested further information about the billing of the customer's account. The retailer conducted a review and sent a technician to the customer's building. The technician identified that the customer was being billed for the incorrect hot water meter. He was provided with a credit of \$2,298.30 for the incorrect charges and rebilled \$851.84 for the correct hot water meter. While this addressed the customer's affordability complaint, had the customer still sought for disconnection of hot water supply, he would have lost his gas connection.

Case Study 39

Customer does not qualify for consumer protections

A customer moved into an apartment with an embedded network and opened an energy account. Four months later, his hot water service was disconnected without notice. He contacted the embedded network retailer who said that he had not opened an account for gas and hot water at the same time as his energy account, and therefore no bills had been issued for 15 months.

The customer opened a gas and hot water account, was reconnected, and received a backbill for hot water usage for \$1,230.66. The customer contacted the embedded network retailer and was told that the bill must be paid within two weeks. The customer complained to EWON that he did not understand how the usage had been calculated or understand why the bill was delayed for 15 months.

We contacted the embedded network retailer and it noted that there is no specific regulation for backbilling of a hot water service. However, as a good will gesture, it offered to provide the customer with a \$464.35 credit to the account, reducing the balance owed to \$766.31. We advised the customer of this outcome in writing – again EWON was unable to determine if this was a fair and reasonable outcome.

Case Study 40

Vulnerable customer receives high and confusing gas bill for hot water heating services within an embedded network

This case study focuses on a vulnerable energy consumer living in an embedded network. The customer's gas account was separated into:

- hot water usage and supply charges – making up 80% of the customer's gas bills for a 12-month period.
- a fixed daily charge for supplying a gas cooktop service (unmetered gas supply) – making up 20% of the customer's gas bill for the same period.

The National Energy Retail Law (NERL) defines energy as: 'electricity or gas or both'. Based on advice from the AER, this definition excludes hot water services from the regulatory framework for retail energy services. As this customer's bill was separated into charges for hot water and unmetered gas, 80% of the customer's gas bill was not covered by energy specific consumer protections, and the customer was not eligible for the NSW Government Gas Rebate or the Energy Accounts Payment Assistance Scheme. The customer could not rely on the following basic consumer protections that apply to retail gas accounts for other households, including:

- the right to request a review of a disputed bill
- rebates and concessions
- internal dispute resolution procedures
- minimum contractual standards
- protections for vulnerable customers (including payment plans and hardship programs)
- minimum requirements for billing, tariff and payment (including limits on backbilling)
- protections against disconnection.

The customer, a 91-year-old man who suffered health issues and lived alone, was a community housing tenant and lived in a building established as an embedded network. He told EWON he moved into the building 12 months ago and had just received a \$1,193 gas bill covering 12 months of gas and hot water usage. The customer thought the gas bill was high and did not accurately reflect his usage. He also had trouble understanding the bill because of his poor vision.

The customer told EWON he could not afford to pay the bill and was worried if he did not pay by the due date, he may be disconnected. His sole income was from Centrelink and he had been showering in cold water for two months to try and lower his hot water costs. The customer had called his community housing provider and was told his gas usage should only be about \$20 a month. He had contacted the billing agent for the embedded network to dispute the bills but he had not received a response.

EWON contacted the billing agent for the embedded network. The billing agent was also an authorised energy retailer and initially said the customer had been billed on a higher-than-average estimated invoice and a technician would be dispatched to check the hot water meter. The billing agent later said the previous 12 months of charges were based on six months of actual meter readings and six months of estimated meter readings. We reviewed the customer's gas bills

and noted they were separated into charges for hot water usage, a fixed charge for hot water supply and a fixed charge for the supply of a gas cooktop service.

The retailer offered to resolve the complaint by waiving all the usage charges of \$503 on the estimated bill for the period covering two quarters. The retailer's offer left the customer to pay only the fixed charges of \$207 for the same period.

The customer accepted the retailer's offer and requested a payment plan of \$40 a fortnight for the \$490 balance owing on the account. We asked the retailer to contact the customer directly to discuss his affordability issues and negotiate an affordable payment plan to be established via Centrepay. EWON also ensured that rebates were being applied to the customer's electricity account and provided the customer with advice and referrals for the available government assistance programs.

Case Study 41

A customer dealing with two energy retailers (one providing solar finance only) and a solar retailer has difficulty completing the connection of their rooftop solar system

The customer purchased a rooftop solar system from a solar retailer using finance obtained from an authorised energy retailer (and EWON member). The energy retailer providing finance was not the Financially Responsible Market Participant (FRMP) for the customer's property. The system was installed by a contractor for the solar retailer but the paperwork to connect the system to the network was never completed or submitted to the customer's energy retailer.

The customer had tried repeatedly to contact the solar retailer for help getting the system connected to the network. The customer did not have the details of the electrical contractor the solar retailer used for the installation work and therefore could not submit the required paperwork themselves. The customer finally reached someone at the solar retailer to speak with and they told her that the problem would be fixed. The customer complained to EWON that she has never heard back from the solar retailer since this last conversation.

The customer wanted EWON's help to connect the system. The customer was still making repayments to the energy retailer that provided finance, but she was not receiving any benefits back from the system. EWON referred the customer to NSW Fair Trading to complain about the conduct of the solar retailer.