

PROTECTING CONSUMERS IN PRIVATE POWER NETWORKS

UPDATING REGULATORY FRAMEWORKS FOR EMBEDDED NETWORKS DRAFT REPORT 31 JANUARY 2019

High density development is driving fast growth in private networks

Hundreds of thousands of people are customers in private power networks like apartment buildings, shopping centres, retirement villages and caravan parks. They are often locked into uncompetitive supply deals. They don't have the same protections as customers who are connected directly to the grid.





This review is stepping in to protect consumers

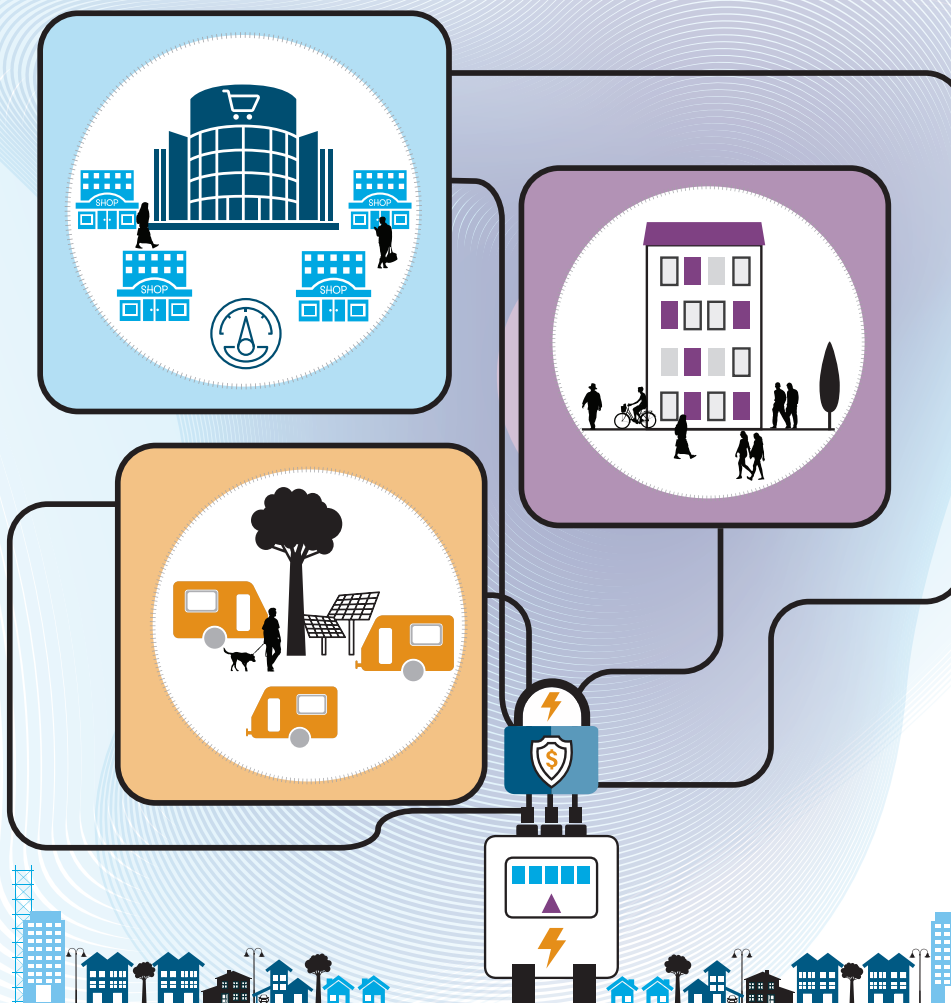
This report is all about treating customers the same way wherever they live and do business. Everyone should have the same rights and protections no matter who they buy their electricity from.




Have your say

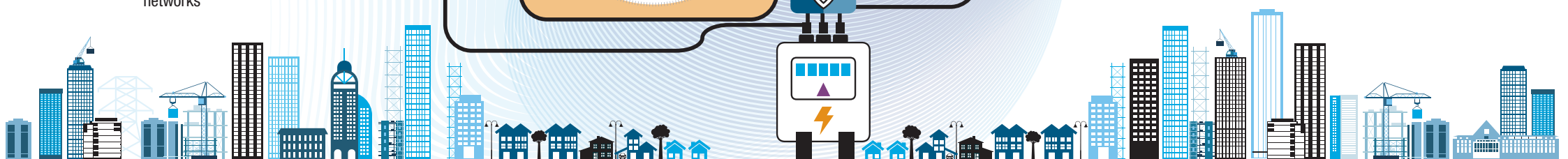
We want stakeholder feedback on new rules to give customers in private embedded networks the same rights, protections and competitive prices as electricity customers who are connected directly to the grid.

Recommended changes would give customers in embedded networks:

-  improved consumer protections in areas such as disconnections, billing information, payment options and notification of planned outages
-  new protections for the first time including access to customer hardship programs and continuity of supply in the event of retailer failure
-  stronger regulation which enhances the ability of the Australian Energy Regulator to enforce compliance with obligations to provide protections
-  access to competitively priced market offers by making it possible for customers to choose the retailer and requiring better industry financial and data transfer processes to help more retailers compete in embedded networks



-  market-compliant meters that are registered with AEMO so it's easier for customers to switch retailers and get better information about their usage and bills
-  the same rights as grid-connected customers when upgrading their connections eg when installing electric vehicle charging stations within apartment blocks
-  improved access to state government services such as concession schemes and emergency financial assistance, provide access to independent dispute resolution, and introduce reliability protections (these changes are recommended to state and territory governments)



Which embedded networks are affected by these recommendations?

Embedded networks are private electricity networks that serve multiple customers from a connection point which is managed by an exempt network service provider.

Generally, these exempt network service providers on-sell electricity to their customers in these off-market networks like shopping centres, retirement villages, apartment blocks and caravan parks. In recent years, installing and operating embedded networks has evolved into a new business model for parties whose core activity is supplying and selling energy, especially in high density apartment buildings, commercial districts and residential villages.

This has placed the arrangements for embedded networks, which were originally designed for small networks such as caravan parks where the supply of energy was incidental to the main business activity, under stress. In late 2017, the AEMC found that these arrangements were no longer fit for purpose.



ACTIONS

The draft report released today includes a comprehensive package of detailed advice on the laws, rules and regulations that governments will need to put in place to protect customers in the rising number of embedded networks around the country. The blueprint delivers on recommendations made by the AEMC just over a year ago.

The COAG Energy Council, Australian Energy Regulator, Australian Energy Market Operator, and jurisdictional ombudsmen all have a role to play in delivering these important reforms when they are finalised following final consultation with stakeholders.

WHO	KEY ACTIONS	TIMING
AEMC	Release draft report for stakeholder consultation	31 January 2019
AEMC	Incorporate stakeholder feedback into final package of proposed electricity and energy retail rules and law change descriptions	By May 2019
COAG Energy Council	Endorse package of proposed rules and law change descriptions	Mid 2019
Senior Committee of Officials (advising energy ministers)	Re-draft electricity and energy retail laws based on proposed law change descriptions, and submit to South Australian Parliament	Late 2019
Ombudsmen and state governments	Extend ombudsmen schemes to embedded network customers	2019
AER	Update authorisation and exemption guidelines and procedures; Develop a connections policy for embedded networks	2020
AEMO	Update registration, metering and billing procedures	2020
State governments	Implement recommendations for jurisdictional frameworks	2020