

Dear AEMC,

I have read the whole draft report for UPDATING THE REGULATORY FRAMEWORKS FOR EMBEDDED NETWORKS, 31 JANUARY 2019.

As a consumer as well as Owners Corporation committee member in an embedded network, I personally agree and support the direction and approach the AEMC is taking for embedded network.

However, I believe there is insufficient publicity in this public consultation and many individuals who may have an interest in this topic may not be aware that the commission is seeking public feedback on this matter. I was only made aware of this report through a prospective ENM who advised of upcoming changes in regulations related to embedded network as part of the discussion related to upcoming contract. If the request for public feedback came through the Owners Corporation or ENM, you may see significantly more public submission. In addition, the time between draft report publication and cut off date for public submission is too short, considering one need to read almost 200 pages of report on top of work/family commitments.

Here is some background information for my situation for you to understand my responses below. I currently live in an apartment within an Owners Corporation that covers 4 buildings containing about 550 apartments. Gas is included as part of Owners Corporation levy and unmetered for the resident's use for cooking. Electricity is individually metered and the Owners Corporation have a contract with an external company to supply and bill electricity for all residents.

>the costs and benefits of transitioning legacy embedded networks to the new framework
Our Owners Corporation's existing contract for electricity retailer is due for renewal in December 2019 and our earlier investigation indicates that the supply cost for this company is actually higher than the lowest retail price available in our electricity distribution network. As the commission is aware, even though it is technically possible for one to sign up to an on-market retailer. It is almost impossible in practice and one have no options. Therefore, it is in the interest of our residents for us to appoint another company who can provide more competitive pricing and allow residents to use an on-market retailer.

By reading the AEMC draft report, it helped me to understand the current regulation for embedded network and what we should look for in our next contract. Subject to committee approval, as part of the tendering process, I intend to specifically require our next contract electricity retailer to transit our embedded network to the updated regulatory framework for embedded network. In our case, the cost will be minimum or non-existent but the benefit is apparent as AEMC has outlined.

>the feasibility and cost of upgrading metering infrastructure to be NEM compliant
Prior discussion with one of the prospective embedded network operator/retailer indicates that they will replace all of our existing submeters with smart meters if they are appointed and the

cost will be recovered over the course of the contract. This means there will be no upfront cost for this exercise. Our submeters are approximately 20 years old and they should be upgraded anyway to allow time of use tariff instead of the current flat rate tariff. As such, it is an ideal opportunity to demand the new meters installed to be NEM compliant and NMI assigned.

>appropriate criteria for determining which legacy embedded networks should transition to the new framework

As demonstrated in my example, requiring new legacy embedded network contract signed by Owners Corporation to transit to the new framework could be an option if it is technically feasible for AEMC/AER to implement. Alternatively, requiring all new meters installed in legacy embedded networks to be NEM compliant and assigned an NMI would allow gradual transition as meters are replaced.

>potential impediments to legacy embedded networks transitioning to the new framework

Potential upfront cost payable by the Owners Corporation would be a major impediment. However, as my example demonstrates, at least one of the embedded network operator/retailer is willing to foot the bill while providing more competitive pricing than they had advertised.

>the appropriate timeframes for transitioning legacy embedded networks.

As a consumer in an embedded network, I would like to see the transition to happen as soon as possible for the benefit of the residents. Hence, I am advocating our embedded network to be transitioned to the updated framework at the upcoming contract renewal/tendering.

I would agree with the commission that the mandated transition to the updated regulatory framework could be based on when the meters were installed.

>a class of off-market retailer should be included in the NERL and NERR

I personally don't see why off-market retailer should not be included in the NERL and NERR. I would agree with the commission's recommendation to include off-market retailer with requirements in the NEL and NER as well.

>given the limited proposed differences between the rights and obligations of NEM retailers and off-market retailers, whether off-market retailers in embedded networks should simply be required to obtain a NEM retailer authorisation.

Given the limited differences between NEM retailers and off-market retailers, I don't see why off-market retailers do not need to obtain NEM retailer authorisation.

In fact, if it is practical, it might be simpler to regulate by simply eliminating the differences. The requirement for retail offer to be published in a newspaper is probably outdated and irrelevant. I personally hardly ever read physical newspaper, except online and I don't recall ever seeing electricity retail price offer on a newspaper. The current requirement for the retail offer to be made available on the retailer's web site should be sufficient. As an example, our current embedded network retailer do not publish its prices on its web site and one needs to submit a query to obtain pricing.

I personally don't see why the requirement that prices should not be modified within six months cannot be applied to off-market retailer. Our current embedded network retailer modify its price only once a year and limiting price changes every six months should be more than sufficient.

I would be happy to respond/discuss if you seek further opinion/explanation from me.

Regards
Eric Wong