



QUEENSLAND ELECTRICITY USERS NETWORK

"Advocating for affordable and reliable electricity in Queensland"

**Submission
to the
Australian Energy Market Commission**

on

Updating the regulatory framework for Embedded Networks

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PO Box 2148, Cairns QLD 4870 | T: (07) 40312865 | E: admin@qeun.com.au

Australian Energy Market Commission – Regulatory Framework for Embedded Networks

INTRODUCTION

Embedded networks are the Pandora's Box of energy policy.

The AEMC's review of the regulatory framework for embedded networks seeks to provide increased consumer protection and choice by addressing issues that in many cases are largely the responsibility of state governments and state legislation.

The review focuses on the relationship between the consumer and the retailer with an emphasis on consumers in *future* embedded networks.

However, the more immediate problem is the need to address issues faced on a daily basis by consumers in *existing* embedded networks.

Relationships between consumers in embedded networks can be toxic. An analogy would be sharing a house with housemates that have diametrically opposed views that cause financial and emotional stress to some housemates, yet all the housemates have to physically share the same living space.

The complexity of embedded networks has increased significantly since COAG Energy Council forged ahead with competitive metering - an initiative of the COAG Energy Council's Power of Choice Program.

The Power of Choice Program is a misnomer. The program has taken consumer choice away by making the supply of electricity so complicated that both residential and business consumers need to engage consultants and brokers to reduce their power bill.

The Power of Choice Program assumes the majority of residential and business consumers, including consumers in embedded networks, are sophisticated consumers. The vast majority of consumers are *not* sophisticated and are *not* driving change; government policy with advice from regulatory entities is driving change.

Consumers simply want "*affordable and reliable electricity*" without having to invest an inordinate amount of their valuable time to achieve this objective.

There is considerable diversity in consumers within an embedded network. For example, an embedded network can have multiple types of residential consumers; owner occupiers, long term renters, short term renters (under 3 months) and holiday lets. The legislation that governs consumers within an embedded network differs depending on the type of consumer, the jurisdiction and sometimes can vary within the jurisdiction eg regulated tariffs in regional Queensland.

Most policy makers are familiar with embedded networks such as caravan parks and shopping centres. However, the majority of consumers in the Pandora's Box of embedded networks are in strata titled residential developments ie embedded networks governed by Body Corporate legislation.

More engagement with informed consumer advocates representing a broad range of consumers within embedded networks is necessary to better understand the complexity and diversity of issues and the possible legislative solutions. Complexity reaches heightened proportions when the embedded network is an unmetered supply.

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UNMETERED EMBEDDED NETWORKS

Some embedded networks are unmetered.

Whilst this represents a challenge, the problem is solvable.

However, the solution must take due account of other relevant state based legislation affecting consumers in the embedded network. For example, in Queensland the solution would need to take due consideration of the Body Corporate and Community Management Act 1997 (BCCM Act), the Residential Tenancies and Rooming Accommodation Act as well as state based building & electrical legislation.

1. COMMUNITY TITLE SUBDIVISIONS

In community title subdivisions, it is quite common for them to be gated, but internally appear the same as a conventional subdivision with separate lots for detached dwellings spread over a large area. The Queensland Electricity Connections Manual (QECM) requires that for multi occupant properties, where they want individual meters that the electricity meters are clustered together such that a minimum of 12 properties are metered from a metering panel.

The QECM does not deal with the realities of community title developments where residents purchase vacant land and the developer does not know what the purchaser intends to construct, nor the metering arrangement eg number of tariffs, control equipment, etc.

Under the current QECM, the developer has two choices regarding metering and reticulation:

- A. Make assumptions about what residents might require and install large, expensive and unsightly metering panels throughout the project with unmetered sub-mains running to them and providing metered sub-mains cables to vacant lots and assuming that is what residents require, or
- B. Installing retailer's meters at the connection point with the Distribution Network Service Provider (Parent Meter) and having the resident's meters (Child meters) at each residence and then sending electricity accounts to each resident via the body corporate. This would then become an Embedded Network with requirements for exemption applications. A significant constraint to this arrangement is that the residents would not have access to controlled load tariffs or be able to install solar PV on their properties due to metering constraints and requirements of Ergon Energy.

The argument Distribution Network Service Providers use for their requirement of clustering of meters is access to metering equipment for meter reading and isolation and that the National Electricity Rules requires the meters to be located as close as practical to the point of connection.

Solution

A simple, reasonable and cost effective alternative to the above arrangement that would resolve all issues is to have unmetered sub-mains running throughout the site and have remote reading retailers meters at each residence with isolation points at each residence. Community services (community lighting, power, gate motors, pumps, etc) would also have the same metering arrangement. Where disconnections were required, then the retailers agent would need to obtain access to the property, however this is no different to multi storey buildings with meters located in cupboards.

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2. MULTI CUSTOMER PROPERTIES WHICH ARE NOT METERED

In these properties, it is quite normal for each property to have its own electrical switchboard, but for that switchboard not to be metered. The occupants generally want to have their choice of retailer and to be separately metered otherwise their electricity costs are simply apportioned to them which is neither fair nor reasonable.

The issue here is the cost of re-wiring and spatial constraints making it not possible to meet the present Queensland Electricity Connections Manual.

Solution

A cost effective solution that would address a vast majority of these instances would be to have exactly the same arrangement as proposed for community title developments.

SUMMARY

The many problems faced by consumers in embedded networks vary depending on their jurisdictional location and the state based legislation applicable to that particular embedded network.

The vast majority of residential and business consumers within an embedded network are not sophisticated consumers, in particular residential consumers on body corporate committees.

It is therefore critical that the updated regulatory framework for embedded networks is simplified as competitive metering has greatly increased the complexity and cost of electricity supply.

Case studies are a useful way to understand the complexity of the Pandora's Box that is embedded networks.