

Submission

NEV Power is an R2 exempt network National Energy Law (NEL) as administered by AER and is a wholly owned subsidiary of Narara Ecovillage Cooperative (NEV). Narara Ecovillage was formed about 4 years ago and is located at the edge of the Narara suburb just north of Gosford. NEV commenced building in 2018 and the Stage 1 development is expected to complete in 2020 when the village will have about 60 residences. Work on Stage 2 has already commenced and at the completion of this stage the village expects to have about 120-130 residences. There are no immediate plans to expand beyond this size.

NEV Power commenced operations at the beginning of 2018. We have a high voltage supply agreement with ERM and currently have about 60kW of installed PV generation within our network. We are currently working on the investment in a 400 kW battery array and smartgrid technology to manage and optimise the load across our network. We have received funding support from ARENA who are interested in our overall aim and the experiences we encounter in becoming a self-reliant community network which is a net exporter to the wider grid

Narara Ecovillage overall has a vision to To research, design and build a stylish, intergenerational, friendly demonstration Ecovillage at Narara, blending the principles of ecological and social sustainability, good health, business, caring and other options that can evolve for our well-being.

We have read the proposed regulatory changes included in the review and can understand the reasons for the proposed changes to the network regulations. Obviously, it makes sense, that when private enterprise organisations are looking to provide network services as a commercial operation that protections need to be in place to protect consumers and to ensure that vendors don't exploit the restrictions involved in a private network to overcharge consumers for services.

We are asking that the review provide some flexibility within the regulations to provide grounds for exemption for networks that are very small and not operating as a commercial venture.

NEV Power is unlikely to ever have more than 150 customers. That final size is also at least 5 years in the future. Over the next 2-3 years we will be operating with 50-60 customers. Our current tariff structure (<https://nararaecovillage.com/nev-power/customer-information/our-electricity-tariffs/>) is competitive with the external marketplace. Our financial projections suggest that once we achieve 50 customers, we will be generating a net income after the cost of external network supply costs from ERM, of about \$13,300 per annum. This operational income has to meet all of the fixed and staffing costs for the maintenance and operations of NEV Power.

I am sure you will agree that there is very little capacity to meet the additional costs involved in meeting the new regulatory requirements proposed in the review.

In addition, we would like you to be aware that the NSW Government has advised NEV Power that its customers are not eligible for the Low Income Household Rebate currently \$313.50 per annum. They have advised that there is a regulatory gap in their legislation and that the code does not recognise community title schemes and that they have no plans to correct this situation. I have attached a copy of their letter to this submission.

Therefore, NEV Power would be doubly impacted by the proposed changes to the regulations. We will be forced to increase our tariffs above the rates charged by the large “for profit” energy retailers and are unable to offer a significant discount available to low income householders who choose a “for profit” energy retailer.

It is for these reasons that we ask the review to consider building in some flexibility into the regulations so that non-profit community networks such as NEV Power can apply for exemption.

[REDACTED]
Retail Manager
NEV Power
[REDACTED]

Dear [REDACTED]

I write in response to your representation on behalf of [REDACTED] regarding their eligibility for the Low Income Household Rebate (LIHR) in their community, the Narara Ecovillage.

I understand that you have been in discussions with the Department's officers about [REDACTED] eligibility for the LIHR. I have been advised that you requested a formal response from the Department. This letter constitutes that response. The Department has consulted with the NSW Energy and Water Ombudsman in preparing this response.

I note that the Social Programs for Energy Code (the Code) governs the LIHR. The Code has been adopted in accordance with clause 21 of the *Electricity Supply (General) Regulation 2014* and clause 5 of the *Gas Supply (Natural Gas Retail) Regulation 2014* for the purpose of facilitating the delivery of social programs for energy, such as the LIHR.

I understand that you have been previously advised that residents of the Narara Ecovillage such as [REDACTED] are not currently eligible for the LIHR.

This is because:

- NEV Power is not an authorised retailer;
- residents of the Narara Ecovillage receive their electricity via an embedded electricity network; and
- the residents of Narara Ecovillage are community title holders and the Government currently does not recognise community title schemes in the Code.

At present, the Government determines eligibility under the Code by whether the customer meets the following criteria:

- obtains electricity from an authorised retailer; and/or
- are on-supplied electricity and reside in a:
 - residential community (governed by the *Residential (Land Lease) Communities Act 2013*);
 - retirement village (governed by the *Retirement Villages Act 1999*); or
 - strata scheme (governed by the *Strata Schemes Development Act 2015* and the *Strata Schemes Management Act 2015*).

The Department is currently investigating options to expand and clarify the scope of customers who are entitled to receive rebates. However, in the interests of consistency and certainty, unless the embedded network is captured by one of the above legislative schemes, it will not be captured by the Code.

For households within Narara Ecovillage to qualify for the LIHR, residents of the Narara Ecovillage may wish to consider whether it would be feasible:

- to restructure the Narara Ecovillage as a residential community, retirement village or strata scheme; or
- to buy electricity from a third party retailer through the national electricity market; or
- for NEV Power to obtain a retailer authorisation under the National Energy Retail Law.

If any of the above were to occur, the residents of the Narara Ecovillage may be eligible for the LIHR (assuming they met the other eligibility requirements). Residents of the Narara Ecovillage would need to obtain independent advice on whether these options would be feasible and the potential impacts of those options.

The Department appreciates NEV Power and [REDACTED] raising their concerns in relation to this matter. NEV Power and [REDACTED] have raised a policy question, which the Department is investigating. In the meantime, the potential options available to the residents of the Narara Ecovillage are outlined above.

At a national level, the NSW Government through the COAG Energy Council is prioritising work on consumer protection arrangements for customers in embedded networks. More information can be found on the Australian Energy Market Commission's website: <https://www.aemc.gov.au/market-reviews-advice/updating-regulatory-frameworks-embedded-networks>.

If you or [REDACTED] have any further questions in relation to this matter, please contact [REDACTED] Energy Social Programs at the Department on [REDACTED]

Yours sincerely

[REDACTED]