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Alternative Electricity Services Legislative Amendments

SCA (WA) is pleased to have the opportunity to comment on the consultation draft of the *Electricity Industry (Alternative Electricity Services) Amendment Bill (AES Bill)*.

SCA (WA), as the peak industry body for body corporate and community title management, is an advocate for increased consumer protections for all energy consumers in Western Australia. SCA (WA) believes lot owners, owners corporations and residents currently using embedded networks should be afforded the same choices, consumer rights and protections as those using non-embedded energy supply networks.

However, SCA (WA) believes that the proposed policy changes contained in the draft *Electricity Industry Amendment (Alternative Electricity Services) Bill 2023* will ultimately result in an adverse effect on property owners. Specifically, SCA (WA) contests the intent to enable 'large-use customers' to disenfranchise from embedded networks, by allowing retailers to sell directly to the major tenants, inside privately owned electrical networks.

SCA (WA) would like to reiterate the relatively short amount of time for which to provide feedback for this consultation, with the total advertised time totalling just 18 business days. As a member-based organisation, we rely on feedback from our membership to establish a position that is representative of the sector. Providing a short consultative period, over a holiday, severely impacts the ability of our membership to understand and internalise quite a complex consultation paper, and provide meaningful feedback for what may be a consequential change to the sector.

Similarly, SCA (WA) would like to reiterate our concern as to the lack of access to both the Embedded Network Draft Code of Practice, or a Regulatory Impact Statement, prior to the end of the consultative period. SCA (WA) notes that the Code of Practice was previously promised by EPWA, and was to be a key step for stakeholders to review in advance of progression towards legislative amendments.

SCA (WA) believes that the proposed policy outline does not adequately acknowledge or recognise the private ownership of the electrical network, and the role or impacts on commercial lease agreements, both existing and new.

SCA (WA) believes there is no guarantee that large-use customers will be better off under the proposed amendments. Specifically, SCA (WA) expects the amendments outlined in the bill will potentially result in a loss of on-sell revenue and profit for large-use customers, and reduced purchasing power for property owners from a reduced load, which could further impact smaller tenants with common area costs.

SCA (WA) is aware of current agreements where electricity charges to large-use customers are higher than the aligned tariffs (or alternatives negotiated within lease agreements) adopted by property owners within their embedded networks. Under these reforms, there is the potential for exposure to the volatility of market influences in a similar fashion to jurisdictions on the east coast, no longer under the contractual umbrella of the landlord.

Tenants deemed to be large-use customers (consuming more than 160MWh pa) could be directly exposed to the WA contestable energy market under the amendments, which is contract based, and hence any customer protections from electric retailers may be diluted within the terms of a contract. Furthermore, customers will likely be exposed to market influences, further exacerbating the potential for consumer harm.

SCA (WA) also contests the assertion within the guide that large-use customers in embedded network are in a monopoly supply arrangement, and fears that this assertion discredits property owners.

SCA (WA) finds that the proposed amendments will be counter-productive in the push towards meeting state and national emissions targets, diluting the “retail exemption” property owners have prior to increased calls for, and a movement towards, the electrification of properties and the provision of EVs (and thus EV charging within buildings). SCA (WA) believes the proposed amendments are of real significance to all electricity customers in WA, considering the uncertainty around the impacts of the State’s Energy Transformation Strategy on the energy markets surety of supply.

To effectively address energy pricing reform, SCA (WA) suggests further collaboration with Western Australian property owners to accelerate towards achieving emissions reduction goals and the electrification of WA’s building stock.