



Government of **Western Australia**  
Department of **Mines, Industry Regulation and Safety**  
**Energy Policy WA**

# Voluntary Embedded Networks Code of Practice

## Public Forum

Thursday 18 May 2023, 11am AWST

Sarah Woenne and Madelin Pow

Working together for a  
**brighter** energy future.

An aerial photograph of a large body of water, likely a bay or harbor, with a city skyline in the background. The water is a deep blue, and the sky is clear. In the foreground, there is a marina with many sailboats docked. The city skyline is visible in the distance, with several tall buildings. The text is overlaid on the water in the center of the image.

# Acknowledgement of Country and Introduction

**Tim Bray – Assistant Coordinator,  
Strategic and Consumer Policy**

# Agenda

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**11.00am**    **Introduction – Tim Bray, Assistant Coordinator of Energy**  
Approximately 5 mins

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**11.05am**    **Project overview and timeframes – Sarah Woenne, Assistant Director**  
Approximately 5 – 10 mins

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**11.10am**    **Voluntary Embedded Networks Code of Practice – Madelin Pow, Senior Policy Analyst**  
Approximately 15 - 20 mins

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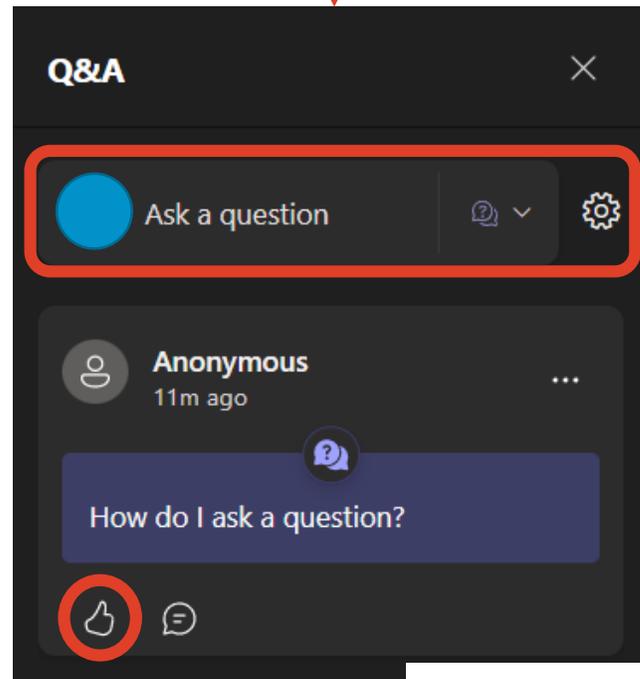
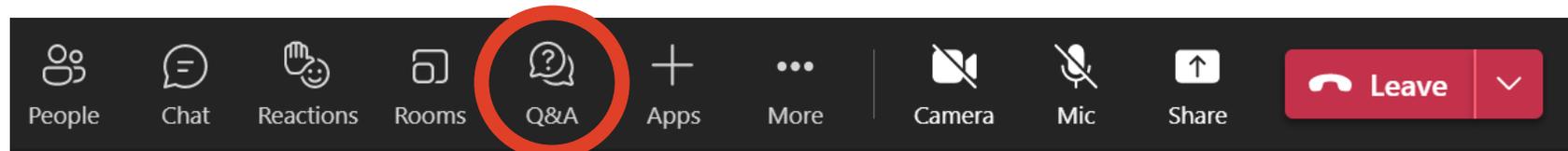
**11.30am**    **Q & A session**  
Approximately 30 mins

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# Crowdsourcing questions

To maximise our session, we are making it easier for attendees to decide which questions you would most like answered

Please note that questions will be reviewed and moderated by Energy Policy WA. This session will also be recorded.



Simply type your question into this section of the Q&A

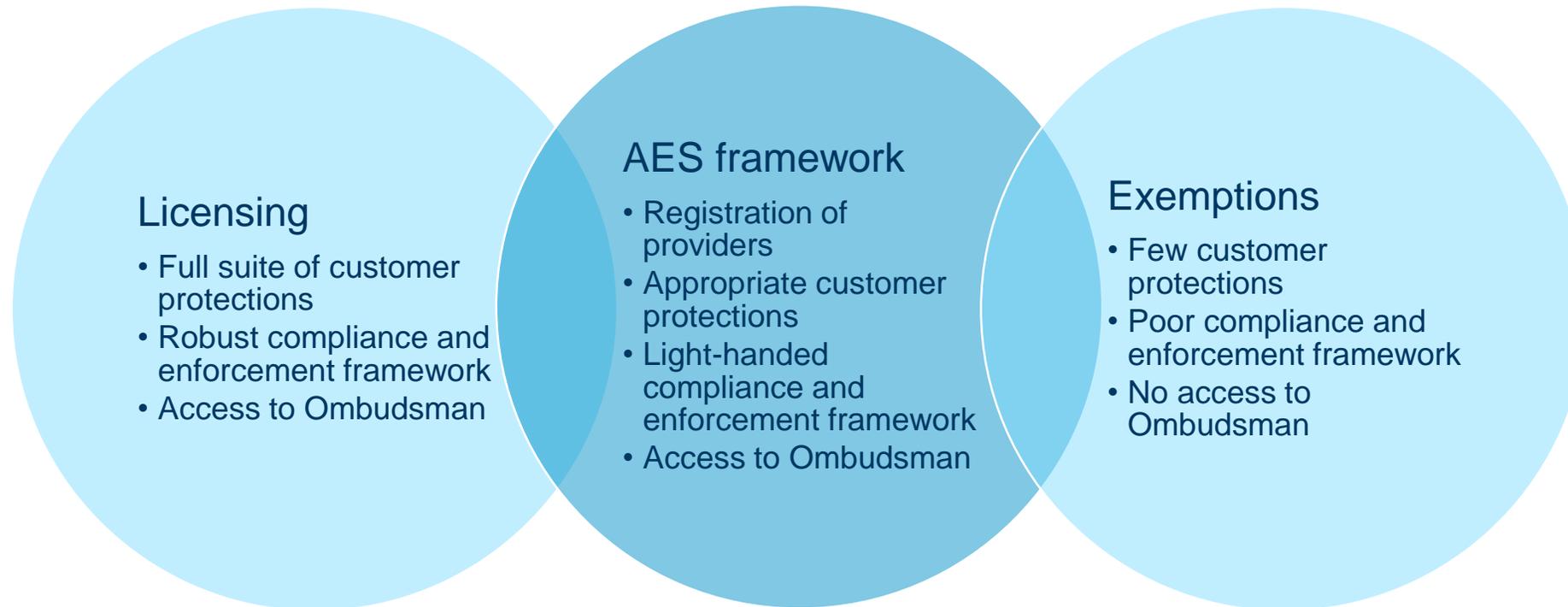
Vote for the questions you want answered with the thumbs up icon.

# Project overview and timeframes

Sarah Woenne

# Context – why are we doing this?

## The Alternative Electricity Services (AES) framework



# Objective of AES project

*A new regulatory framework to facilitate customer protections in new and emerging electricity business models*

**The AES framework will provide:**

- a regulatory framework that is future-proofed and flexible to accommodate new and emerging technologies and business models
- customer protections that are relevant to the product or service provided
- appropriate and practical dispute resolution processes
- a robust and proportionate compliance and enforcement regime

*Work on services that may be prescribed as AES (e.g. embedded networks and behind the meter services) is progressing in parallel with drafting the head AES framework legislation*

# What will the AES framework look like?

Flexible application, based on a regulatory impact assessment

Primary  
legislation

Amendments to the *Electricity Industry Act 2004* to establish heads of power



Secondary  
legislation

Regulations to prescribe a service as an AES

AES Code

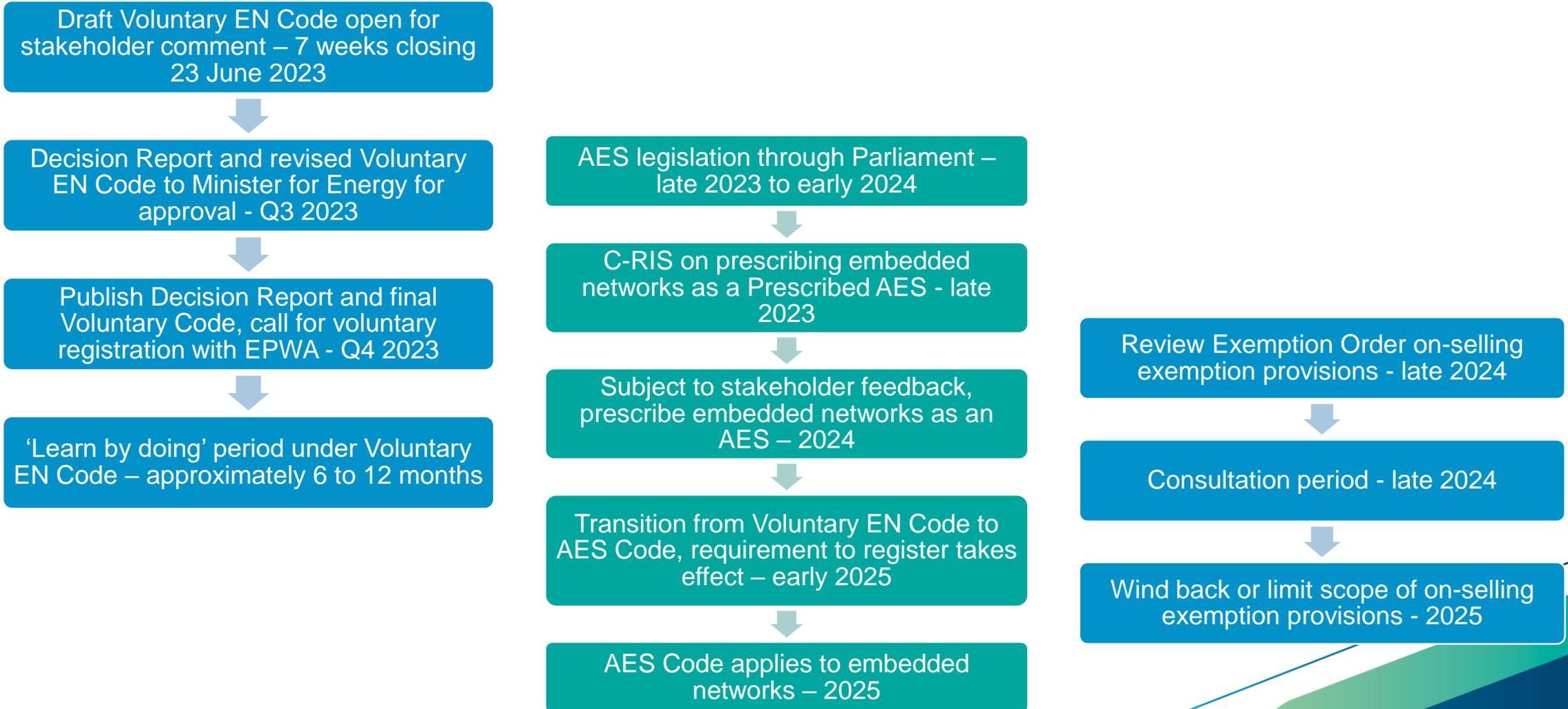
Obligations on  
AES registration  
holders

Registration

Participation in the  
Energy  
Ombudsman  
Scheme

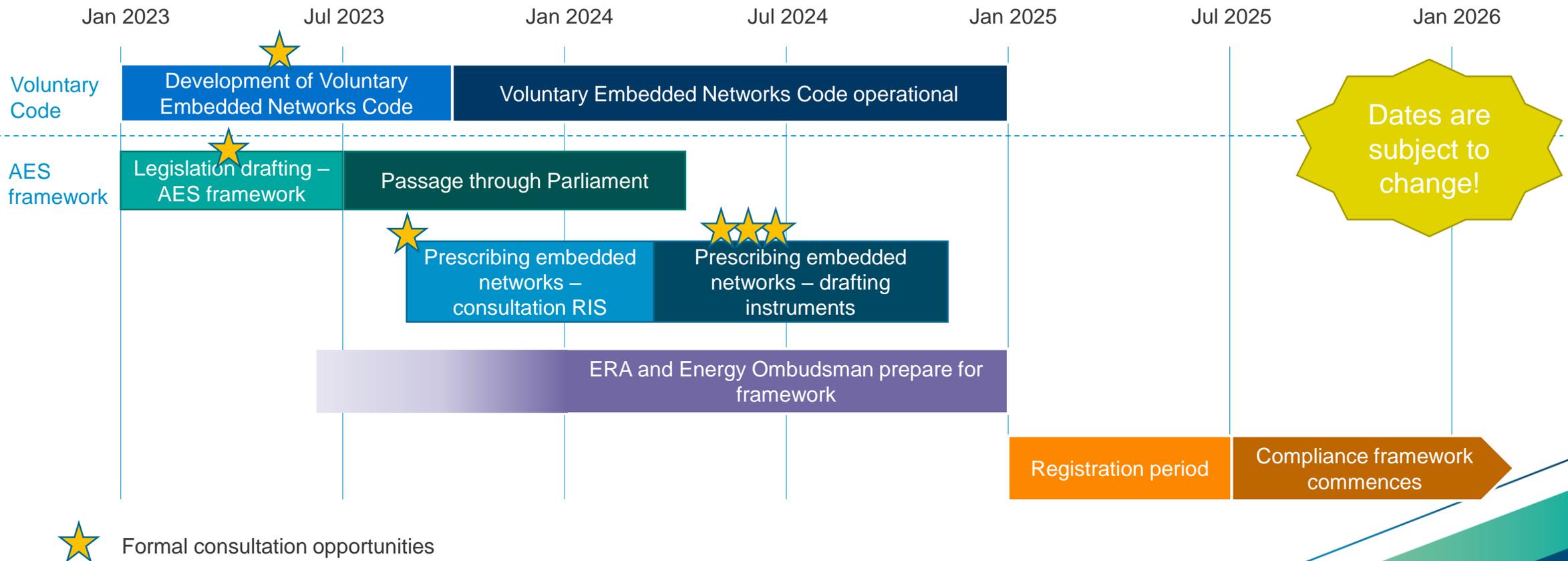
Adherence with  
code obligations  
relevant to the AES

# How does this relate to the Voluntary Embedded Networks Code of Practice?



# Indicative timeframes – application of framework to embedded networks

Prescription of embedded networks as an AES (subject to Consultation Regulatory Impact Assessment)



# Voluntary Embedded Networks Code of Practice

Madelin Pow

# Refresh – why are we looking at embedded networks?

Customer protections differ depending on who supplies electricity

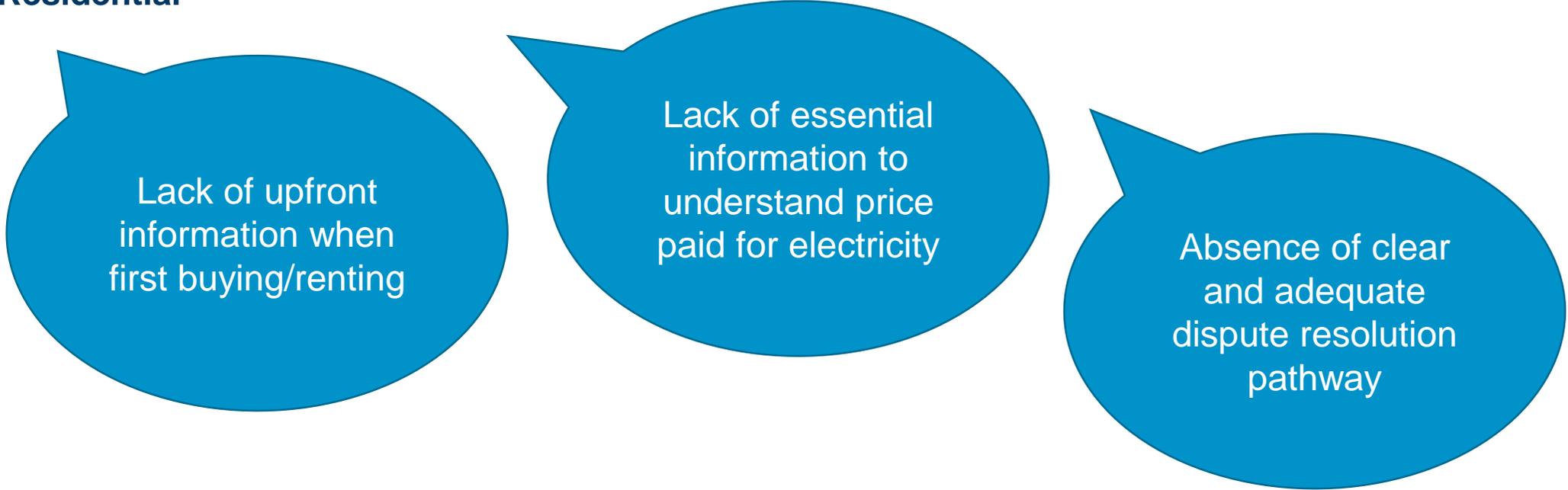
	Customers of licensed retailers	Customers in embedded networks
Protections under a mandatory Code of Conduct	✓	✗
Access to Energy and Water Ombudsman for disputes	✓	✗
Oversight by a regulator	✓	✗

***Voluntary Code – ‘learn by doing’ to test adequacy of policy positions***

# Embedded networks survey – late 2022

## Survey results

### Residential



Lack of upfront information when first buying/renting

Lack of essential information to understand price paid for electricity

Absence of clear and adequate dispute resolution pathway

### Non-residential

- Small survey response, hoping to receive more feedback from non-residential customers through feedback on Voluntary Code

# What does the Voluntary Code cover?

Voluntary Code applies to small use customers only



General obligations + supply arrangement



Information provision + disclosure statement



Improving billing requirements



Financial hardship, family violence and use of life support equipment



Disconnection, interruption and reconnection



Dispute resolution



Price regulation



Metering



Access to carbon offsets or electricity with other characteristics

*Informed by stakeholder feedback and survey results*

# What doesn't the Voluntary Code cover?



Compliance monitoring and enforcement by Economic Regulation Authority



Customer access to the Energy and Water Ombudsman

- *Subject to passage of AES amendment Bill*
- *ERA and Ombudsman will be features of the mandatory AES code not Voluntary Code*
- *Voluntary period - registration with EPWA and regular check-ins*
- *Non-binding – however, provisions of Voluntary Code should be viewed by stakeholders as a precursor to mandatory AES code*
- *Stakeholders encouraged to participate by complying even if can only comply with parts of the Voluntary Code*

# Voluntary Code

## Code objective and embedded network seller (ENS) definition (clauses 1 and 2)

### Objective of the Voluntary Code

- Define standards of conduct in the supply of electricity to customers by an embedded network seller

### Only one registered embedded network seller for an embedded network?

- A customer should have one clear point of contact for their embedded network
- One party should have ultimate responsibility for providing requirements of the Voluntary Code
  - Even if certain aspects are outsourced – i.e. meter reading, issuing bills

### Why use the term “embedded network seller”?

- Want to place obligations on the party that sets the price paid by end-use customers
- Based on the embedded network business models we have seen through consultation, in most cases it is the party with the master meter contract with the licensed retailer, that sets the price (some exceptions)
- The ENS should be the party with the most control over prices charged to end-use customers thereby carrying out the function of **on-selling or retailing to the end-use customer**

# Voluntary Code

## Embedded network seller (ENS) definition (clause 2)

Why is the default ENS the party with the master meter contract?

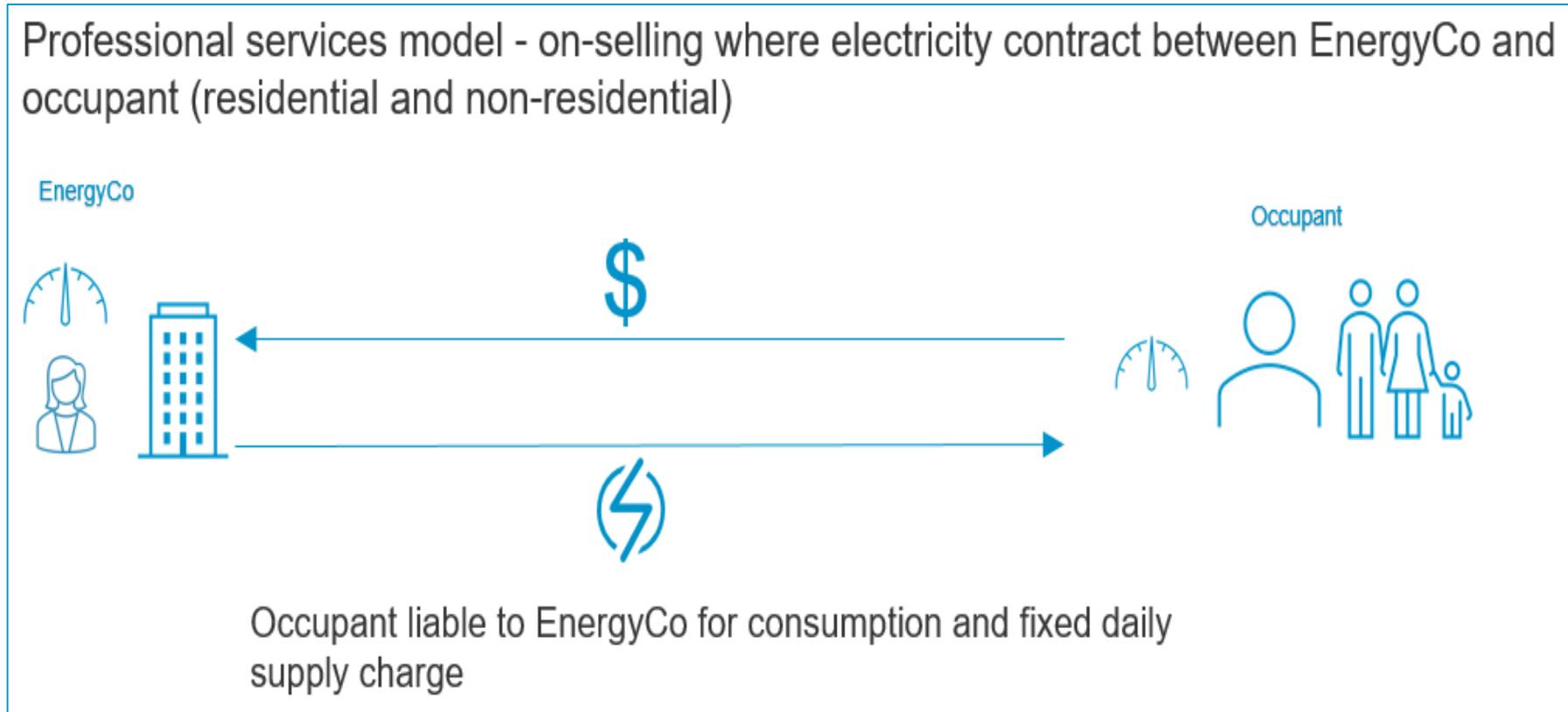
- In most cases this is the party that performs the on-selling/retailing function and is best placed to have customer protection obligations
- Should be registered, with details publicly available for transparency to end-use customers

When can/should another party register as the ENS?

- When the party has the ongoing relationship with the end use customer and is best placed to take on the customer protection obligations but does not hold the master meter contract
- Clause 2.3 of Voluntary Code provides for another party to register as the ENS, with approval of the Coordinator of Energy (written agreement required)
- Note under mandatory AES code – approval of the ERA would be required instead of Coordinator of Energy

# Voluntary Code

## Professional services model – worked example



# Voluntary Code

## Professional services model – worked example

### Who should register as the ENS under the Voluntary Code?

- EnergyCo should register as the embedded network seller (ENS).

### Why?

- EnergyCo:
  - Holds the contract to purchase electricity at the master meter for the embedded network
  - Determined prices paid for electricity by occupants (whether owner occupiers or tenants) as part of contract negotiations with the developer
  - Manages all aspects of the embedded network operation itself

Fact sheets will be available on the EPWA website soon

# Voluntary Code

## Professional services model – worked example

A new residential strata complex was built by a developer who contracted with a third party, EnergyCo, to install and operate an on-site embedded network that maximises use of on-site renewable energy generation and energy storage. The contract with EnergyCo was novated to the strata company at the first Annual General Meeting of the strata company.

The strata company owns and maintains most of the internal wiring within the building, but under the contract EnergyCo owns and manages the other embedded network infrastructure (meters, the distributed energy resources (DER) such as solar, batteries and/or electric vehicle chargers, and any associated wiring and electrical infrastructure).

EnergyCo procures electricity from the main grid at the master meter for the strata complex to augment the solar electricity generated on-site. EnergyCo is also responsible for on-selling electricity to occupants. It issues electricity bills directly to occupants, who sign up through its website under individual contractual agreements (regardless of whether they are owner-occupiers or tenants).

The electricity price paid by occupants is part of the contractual agreement between EnergyCo and the strata company, which was entered into by the developer prior to lots in the complex being sold. EnergyCo sets the electricity price by reference to Synergy's regulated residential electricity tariff and may offer a discount to this rate and/or an annual contribution to a strata sinking fund to share the financial benefits of the embedded network with owners and/or occupants.

The costs of electricity for common areas is billed to the strata company, and lot owners contribute to these costs via their strata fees.

*Note: The professional services model may also apply in non-residential or mixed use strata complexes.*

# Voluntary Code

## General obligations (clause 3)

ENS must not unreasonably prevent, withhold or obstruct the supply of electricity to a customer in an embedded network

Why does the ENS need to have a supply arrangement with the customer?

- Sets a standard for the customer to be provided with a written contract setting out the terms and conditions of the sale and supply of electricity
- Supply arrangement may be sufficiently covered by another agreement (i.e. a lease) but must meet the Code requirements
- Note that supply arrangement only relates to customer's electricity use for their premises (i.e. not common area charges)

Separate connection point to the Western Power grid

- Have received feedback from “would be” contestable customers within embedded networks who want to pay for a separate connection point on the embedded network property
- Obligation that ENS is not to stand in the way of customer obtaining a separate connection **at their own cost**
- Applies to “would be” contestable customers who, if outside the embedded network would be able to access the contestable retail market
- Note Western Power may still object to another connection point on the property
- No obligations on Western Power in Voluntary Code to provide the connection point

# Voluntary Code

## Information provision (clause 4)

### Why use a disclosure statement?

- Lack of transparency and provision of information a clear theme from EN survey results
- Some customers do not know the tariffs they will have to pay before contracting
- Aim to increase transparency PRIOR to contracting – key information set out
- Standard requirement – will ensure key information provided to customers across all business sectors

### Why have standard form documents/policies?

- Designed to offer cost effectiveness for less resourced ENS
  - Dispute resolution procedure; family violence policy; hardship policy
- Template policies to be prepared by Energy Policy WA for mandatory AES code
- Will be made available for testing and consultation during voluntary period
- No obligation to use if bespoke policies and procedures meet Voluntary Code requirements

# Voluntary Code

## Metering (clause 5)

### Metered supply from commencement of the Voluntary Code

- Unmetered supply addresses to be grandfathered
- Designed to encourage metered supply going forward

### Obligation on ENS to inform customer of different types of meters, costs

- If a customer is willing to pay for a different type of meter, the ENS should not prevent this

### Customer requests for meter test; access to the meter for verification

# Voluntary Code

## Billing (clause 6)

### Information that must be contained on a bill

- Clause 6.3 - sets high standard for information provision and transparency
- Allows the customer to verify charges by having information such as total units of consumption, cost per unit, period of supply and fees and charges
- Clearly show ENS details and where to direct complaints/disputes

### Billing standards

- Relating to billing cycles, billing arrangements for metered or unmetered supply addresses, retention of billing data, reviewing bills, undercharging and overcharging

# Voluntary Code

## Price (clause 7)

### Price protections only apply to small use customers

- A customer who consumes not more than 160 Mwh of electricity per year

### Why use a default flat rate tariff?

- Price restrictions are designed to extend the limited price protections in Exemption Order to all embedded network small use customers and make them more nuanced – e.g. allow TOU structure by negotiation
- Code provides for a default flat rate tariff set to the relevant regulated tariff:
  - Residential tariff – A1/A2
  - Business tariff – L1/L2
- For both consumption and fixed daily supply charge
- Still able to offer tariffs below the regulated tariffs
- Fixed daily supply charge must include all fees and charges for the provision of electricity services (other than charge for metered consumption)

# Voluntary Code

## Price (clause 7)

ENS and Customer may agree a different price arrangement BUT customer must have right to revert to default flat rate tariff

- For example – a time of use tariff may be agreed even if a part of the tariff exceeds the relevant regulated tariff

Prices and variation mechanism to be contained in supply arrangement and disclosure statement

- Customer must know what price they will be charged for electricity before purchasing a lot or entering into a lease
- Customer must know how the price will be varied in the future (method)
- Reasonable notice must be provided to customers of variations to the price

# Voluntary Code

## Financial hardship, family violence and use of life support equipment (clause 8, 9 and 13)

### Financial hardship – residential customers

- Requirement for ENS to have in place a hardship policy for residential customers experiencing financial hardship

### Financial hardship - non-residential

- Requirement for ENS to act in good faith to consider any reasonable request for an alternative payment arrangement if customer experiencing payment difficulties

### Family violence provisions to align with national standard and new Small Use Code requirements

- Customers in embedded networks to have similar customer protections to grid connected customers

### Life support equipment use arrangements aligned with Small Use Code where possible

- Acknowledging limitations of information provision by grid network operator

# Voluntary Code

## Disconnection, interruptions, reconnection (clauses 10 and 11)

Limit the situations where an ENS may disconnect customers for failure to pay a bill and ensure a process is followed for disconnections

- Noting rarely pursued in embedded networks

Life support customers and residential customers experiencing family violence

- Similar protections as offered to grid connected customers
- Note 9 month disconnection moratorium for residential customers experiencing family violence (except in limited circumstances such as emergencies)

Voluntary Code covers interruptions (emergency, planned and unplanned) within the embedded network NOT main Western Power grid

- For Western Power grid interruptions ENS may direct customers to same sources of information as grid connected customers for updates

Reconnections

- Within 2 business days if customer has rectified cause of disconnection

# Voluntary Code

## Dispute resolution (clause 12)

Key theme in residential survey results was the absence of a clear and adequate dispute resolution pathway leading to unresolved complaints and unanswered questions

- Residential tenants reported feeling especially vulnerable and hesitant to raise issues

ENS must have a dispute resolution procedure in place

- ENS to use best endeavours to comply with *AS/NZS 10002:2002 Guidelines for complaint management in organisations* when preparing own procedure

Provide clear information to customer

- How to lodge a complaint or dispute
- How an ENS will handle the complaint or dispute
  - How responses are to be delivered
  - What timeframes apply

# Voluntary Code

## Carbon offsets or Electricity with other characteristics (clause 14)

### Why must the ENS facilitate customer accessing carbon offsets etc.?

- Some customers may have commitments to meet carbon emission reduction targets
- Voluntary Code introduces a mechanism to require ENS to use reasonable endeavours to facilitate customer requests to offset carbon emissions to meet its commitments
  - Negotiate with licensed retailer for supply from renewable sources or purchase equivalent LGCs
- Customer may also request the supply of electricity with other characteristics or criteria
- Aim is to future proof mandatory AES code for enhanced ESG commitments by customers

### Customer to pay reasonable costs

- Cost recovery may be via an additional charge on the customer's bill OR as part of the tariff structure agreed with the customer and ENS
- Costs are not subject to price regulation under clause 7

# Matters out of scope for Voluntary Code

## Some issues raised in Section 6 of the Consultation Paper



Metering – minimum levels of meter functionality and ownership requirements



Safety – is there a need for greater regulation of safety requirements in embedded networks?

- Still considering and would like your input (specific questions listed in Consultation Paper)
- Note that Building and Energy still responsible for safety; EPWA not taking on any safety functions
- Depending on feedback, additional obligations may be incorporated into Voluntary Code or mandatory AES code
- Related legislation – EPWA is liaising with DMIRS Consumer Protection (responsible for *Residential Tenancy Act 1987* and *Commercial Tenancy (Retail Shops) Act 1985*) and Landgate (responsible for *Strata Titles Act 1985* regulation) on ongoing basis
- May need more time to resolve issues relating to nested on-selling and tenants charged for electricity under a lease

# Next steps

Iterative process to test adequacy of embedded networks policy positions before mandatory AES code in place



- Consultation Period closes Friday 23 June 2023
- Final Voluntary Code – second half 2023
- C-RIS Embedded Networks – second half 2023
- Voluntary Code period to commence – late 2023/early 2024
- Education well prior to mandatory AES code of practice commencement (on requirement to register, timing for compliance and enforcement)

# Questions?