

23 June 2023

Mr Jai Thomas
Energy Policy WA
Locked Bag 11
Cloisters Square, WA 6850
Sent by email to: EPWA-Submissions@dmirs.wa.gov.au

Dear Mr Thomas

Consultation Paper: Voluntary Code – Embedded Network Services in Western Australia

On 8 May 2023, Energy Policy WA (EPWA) released a consultation paper seeking feedback on the draft voluntary code for embedded network services (ENS) in Western Australia. We note this code and the associated consultation paper have been developed in the context of the broader drive to continue to protect consumers' rights as the sector moves away from the traditional retail model.

Change Energy is a strong advocate for increased consumer choice, and any opportunity that allows customers to reduce their electricity costs. Alternative energy services (AES), such as embedded networks, can provide benefits to consumers through the provision of common solutions to a group of consumers. We support this concept and believe AES have an important ongoing role in WA's energy sector.

Like any business providing electricity services direct to consumers, it is vital that AES providers operate subject to strict consumer protections.

In Western Australia, electricity retailers are required to be licensed by the Economic Regulation Authority. An important consumer protection mechanism in the licencing regime is oversight of supply contract arrangements including for example, obligations in relation to consumer hardship, supply disconnection and interruption, information provision and most importantly complaint and dispute resolution.

The licensing regime was established in the context of traditional large scale retailers selling electricity to large consumers. We agree the licensing regime is not fit for purpose to be applied to AES providers, however, customers being supplied by AES providers must be afforded at least the same protection as those being supplied by retailers.

AES are often provided through on-selling arrangements, which introduces a significant risk to consumers. Consumers receiving AES are typically smaller and have less negotiating power than larger customers. Given the legacy nature of many embedded networks, it is also feasible AES customers will be less well informed of their rights and the protections available. One could argue that the need for AES consumer protections is greater.

Change Energy commends EPWA for establishing the AES framework and code for behind the meter generation and storage services and welcome the development of an ENS code to address this gap. We support the

introduction of the AES code and recommend consistency where practicable with the consumer protection principles that underpin the sale of electricity under the retail licence regime, albeit to the extent practicable such that it does not create an undue barrier to entry for electricity on-sellers such as AES providers.

Change Energy understands the reason the draft ENS code cannot be enforced prior to the legislation underpinning the AES framework commencing. However, as identified by EPWA in its recent stakeholder survey, we expect there is a significant amount of work required to establish a reasonable level of compliance with basic consumer rights in relation to these services. On this basis, we urge EPWA to expedite provider and consumer education, and implementation of the code.

We note the need for a head of power for the code before the ENS code can be enforced, and therefore appreciate the intent for the code to be voluntary for a period when it is first introduced. However, the uptake of voluntary compliance regimes is usually low, despite the lack of enforcement. We therefore recommend EPWA introduces a version of the code akin to the voluntary code, but with **mandatory** registration and education. This could shorten the timeframe for full implementation by up to six months by avoiding the need for an additional compliance and enforcement holiday.

If you have any questions or would like to arrange a meeting to discuss any aspect of this submission, please do not hesitate to contact me.

Your Sincerely



Geoff Gaston
CEO