Our ref: 29855361
Contact: Rebecca Cant

23 June 2023

Energy Policy Western Australia
Email: EPWA-Submissions@dmirs.wa.gov.au

Voluntary Embedded Networks Code of Practice 2023 - Consultation Draft and Paper

Synergy welcomes the opportunity to provide feedback to Energy Policy Western Australia (**EPWA**) in relation to the above and is pleased to provide the following comments to EPWA in support of the Voluntary Embedded Networks Code of Practice (**VEN Code**).

Synergy understands that there are approximately 325,000 strata properties in Western Australia[1]. EPWA recently conducted a survey of embedded network customers and stakeholders. The survey feedback supported the need to reform regulations within embedded networks to provide consumer protections, essential service information, billing data and complaint resolutions commensurate with the service standards and pricing provisions that are received by customers supplied by a licensed retailer via a distribution network.

EPWA, through the VEN Code, is seeking to address the matters raised through the survey and stakeholder engagement focusing on improving information and billing transparency. The proposed recommended improvements include;

- access to suitable meters;
- support for residential customers experiencing financial hardship or family violence;
- dispute resolution procedures;
- processes for disconnections, reconnections and interruptions;
- protections for residential customers who rely on life support equipment; and
- facilitating customers decarbonising their electricity supply.

Synergy supports the initiative to improve service quality and information received by embedded network customers and in particular vulnerable residential customers. As an overarching comment Synergy considers the reforms of the embedded network legislation to be timely and important. The reform objectives to provide a framework which facilitates business providing behind the meter services while ensuring that there are adequate consumer protections available for consumers of those services are supported by Synergy.

[1] Strata Titles - Landgate,

Furthermore, Synergy considers that Embedded Network Sellers (**ENS**) are the appropriate function to control service quality and standards for embedded networks. The transitionary approach, using the voluntary Code, allows industry time to implement changes and provides a feedback mechanism before the implementation of the Alternative Electricity Services (**AES**) framework which Synergy also supports.

Synergy considers nested on-selling arrangements is a gap that EPWA needs to address under the AES framework to ensure there is not a growth in this un-regulated method of supplying embedded network customers. Synergy supports EPWA's intention to consult further on this issue and ensure that the customers in this type of arrangement receive the necessary protections contemplated in the VEN Code.

Synergy as the State's largest electricity retailer is keen to ensure that embedded network customers receive a quality of service and information commensurate to customers supplied by a licensed retailer via a distribution network. There should be a relatively level playing field between regulation of a licensed retailer and ENS, wherever practical. Synergy considers this is particularly important in relation to the supply of vulnerable embedded network customers.

EPWA also considers customers who would qualify as a contestable customer[2] should be able to obtain their own separate connection point and be supplied by a licensed retailer[3]. Synergy supports this approach but considers this right should also be extended to residential customers in an embedded network.

In relation to EPWA's request for feedback on the draft VEN Code and its associated consultation paper, Synergy's provides its comments in Attachment 1.

Please contact Rebecca Cant, Networks Regulation and Compliance Analyst on [redacted] should you have any queries in relation to this submission.

Yours sincerely

[redacted]

SIMON THACKRAY
HEAD OF REGULATION AND COMPLIANCE

[2] If they were supplied from the grid outside the embedded network.
[3] Subject to paying the costs of the required works in respect of their connection application under the Applications and Queuing Policy.

Attachment 1 - Synergy comments on the voluntary embedded network code of practice

Question number	Consultation area and section reference in Consultation Paper	Questions for consultation	Synergy's comments
1.	**Embedded networks business models** (section 3)	Are you aware of any significantly different business models to those described in this Consultation Paper used in embedded networks in Western Australia?	Synergy is not aware of any different business models to those described in the Consultation Paper within the South West Interconnected System (**SWIS**). Synergy notes that there will be further consultation and consideration given to nested on-selling. Synergy supports this approach to ensure that there are no unintended consequences for this cohort of embedded network customer.
2.	**Embedded network seller definition** (section 4)	Do you have any suggested changes to the proposed 'embedded network seller' definition?	Synergy considers that the definition is consistent with the role and contractual function of an ENS. The emphasis on contractual responsibility also provides clarity of the roles and responsibilities for the ENS and its relationship with the embedded network customer.
3.	**Embedded network seller obligations** (section 5.1)	Do you have any comments on the general obligations on embedded networks sellers proposed in clauses 1, 2 and 3 of the Voluntary EN Code?	Synergy supports the intent of clauses 1, 2 and 3 of the VEN Code and considers that these clauses will provide clarity for customers in an embedded network. Clause 1 defines standards of conduct within embedded networks which Synergy supports. The provision establishes a clear objective for operators in an embedded network and end users. Synergy supports the drafting of clause 2 and recognises that limiting the number of ENS who are responsible for each network is important and provides consumers with clarity regarding responsibilities which was a key area of feedback in the consultation paper. Clause 3 ensures that there is a supply agreement in place between the ENS and each customer and that this agreement is separate from the draft

Question number	Consultation area and section reference in Consultation Paper	Questions for consultation	Synergy's comments
			disclosure statement. Synergy supports this approach but notes there is no requirement to obtain or record a customer's explicit informed consent (EIC) in relation to information disclosure as there is for grid supplied customers. To provide commensurate protections for consumers in an embedded network the requirement to provide EIC could be considered for inclusion in the VEN Code. Synergy also considers the provisions for pricing information in clause 7.1 of the VEN Code are reasonable.
4.	**Draft Disclosure Statement** (section 5.2)	Does the draft Disclosure Statement capture all information that should be disclosed to customers upfront? If not, what other information should be included?	Synergy considers all relevant information required by customers is included in the draft disclosure statement and agrees that this should be provided to consumers in addition to the written supply arrangement under clause 3 of the VEN Code. The draft disclosure statement has taken into consideration the key areas of feedback through the consultative process.
5.	**Metering arrangements** (section 5.3)	Do you have any comments on the proposed arrangements for metering outlined in clause 5 of the Voluntary EN Code?	Synergy notes that the VEN Code seeks to provide embedded network customers with a commensurate service standard received by customers supplied by a licensed retailer via a distribution network. Therefore, Synergy considers that applicable metering requirements under the Electricity Industry Metering Code 2012 (**Metering Code**) should be reflected in the VEN Code. As a minimum these should include: • The objectives of promoting the accurate metering of electricity production and consumption and promoting access to and confidence in data of parties to commercial electricity transactions[4]. • Requirement to comply with National Measurement Act 1960.

[4] Metering Code, clause 2.1.

Question number	Consultation area and section reference in Consultation Paper	Questions for consultation	Synergy's comments
			• Metrology guidelines that describe the validation and estimation of energy data. • Requirements to ensure compliant metering and to rectify non-compliant meter installations[5]. • Requirements to verify energy data is correct[6]. • Requirements to test or audit metes under certain circumstances[7]. • Minimum requirement for meters. Synergy notes, as of 1 January 2022, the minimum requirement for meters in the SWIS is Type 4[8].
6.	**Disconnections and interruptions standards** (section 5.8)	Do you have any comments on the standards for disconnections and interruptions proposed in clause 10 of the Voluntary EN Code?	Synergy supports consistency with the Code of Conduct for the Supply of Electricity to Small Use Customers 2022, Metering Code, Model Service Level agreement, standards, and timeframes for disconnections and interruptions, especially to prescribe service standards applicable to hardship, life support and vulnerable customers..
7.	**Access to renewable sources of electricity** (section 5.11)	Are the requirements in clause 14 of the Voluntary EN Code sufficient to facilitate access to electricity from renewable sources? Is anything else required, for instance additional information provision?	Synergy supports the access to electricity from renewable sources in clause 14 of the VEN Code. Synergy also considers that the provisions in clause 3.2 to remove restrictions for contestable customers who wish to exit embedded networks should be extended to non-contestable customers to further assist access to energy from renewable sources.

[5] Metering Code, clause 3.5(9) and 3.11.
[6] Metering Code, 5.20.
[7] Metering Code, clause 5.21.
[8] Metering Code, clause 3.16(3B).

Question number	Consultation area and section reference in Consultation Paper	Questions for consultation	Synergy's comments
8.	**Metering functionality** (section 6.1.1)	8.1 Should private meters installed in new embedded networks be subject to minimum standards in terms of functionality? For instance: • meter captures and stores data in 30-minute intervals; • meter captures and stores data in 5-minute intervals; or • meter supports remote reading (communications enabled).	Refer to comments under item 5 above. Synergy considers it is important to recognise that data for embedded network meters will not be used for transactions under the Wholesale Electricity Market Rules. Therefore, this should be considered when determining the minimum requirements for meters, including whether the cost of 5-minute interval data and remote meter reading would be justified in relation to supplying embedded network customers.
		8.2 Should metering standards only be applied to new builds, or also to meter replacements and upgrades in existing embedded networks?	Synergy considers transitionary provisions for meters, similar to what is provided under the Metering Code, should be included in the VEN Code[9].
		8.3 Should such requirements also apply to conversions to embedded network (known as meter merges)?	Synergy considers VEN Code requirements should apply to conversions to an embedded network[10] to ensure embedded network customers receive service standards commensurate to customers supplied by a licensed retailer.
		8.4 What exemptions might be required if metering standards are applied?	Refer to Synergy's comments under items 8.2.

[9] Metering Code, clause 3.14.
[10] NMI merges undertaken under the Applications and Queuing Policy.

Question number	Consultation area and section reference in Consultation Paper	Questions for consultation	Synergy's comments
9.	**Meter ownership and access** (section 6.1.2)	9.1 Should there be a requirement that, from a certain date, private meters installed in embedded networks must be owned outright by the property owner (or collective property owners if strata titled)?	Meter ownership does not directly relate to the provision of quality service. Synergy considers meters do not need to be owned by ENS, but ENS need to be responsible for and control the compliance and service standards provided in respect of a metering installation. Synergy considers the ENS should be given the freedom to seek the most efficient funding, leasing, or sub-contracting arrangement in relation to the installation of metering assets and the provision of metering services. This includes the provision of metering data for billing purposes.
		9.2 Should there be a requirement that, from a certain date, private meters installed in embedded networks must meet certain requirements for access, interoperability and/or common communication standards?	For consistency in the provision of services to embedded network customers Synergy considers there should be a date where embedded meters are required to comply with certain minimum standards. However, Synergy also supports a mechanism for transition. Refer to Synergy's comments under item 8.2 above.
		9.3 Should any other types of assets in the embedded networks (e.g. DER assets) be covered by similar ownership and access requirements or is it acceptable for ownership of these other types of assets to be outsourced to reduce upfront costs to customers?	Synergy considers ENS should have the freedom to contract and the ability to develop efficient commercial arrangements in relation to management and operation of energy solutions. Not to do so would discourage innovation and potentially have a negative impact on the cost to supply embedded network customers.
10.	**Regulation of safety requirements in embedded networks** (section 6.2)	Do you consider there is a need for greater regulation of safety requirements within embedded networks? Why/why not?	Synergy has not seen any evidence of material safety issues in the consultation survey. If there is a need to review safety issues for embedded networks, then Building Energy[11] is the appropriate body to manage this work. If regulation of safety requirements within embedded networks is included in the VEN Code there is a risk of duplication of the existing safety regulatory framework.

[11] Under the Department of Mines, Industry Regulation and Safety.

Question number	Consultation area and section reference in Consultation Paper	Questions for consultation	Synergy's comments
11.	**Other matters**		The VEN Code provides for embedded network customers who would meet contestability thresholds in the network supplied market to be able to reasonably access this market. Synergy supports this but also notes this provision should be extended to franchise customers. Providing reasonable access for consumers to connect would also be consistent with the approach taken by the Australian Energy Regulator under the NER[12]

[12] National Electricity Rules 2.5.1 (d1)(1)(i) and 2.5.1 (d1)(1)(9ii)