

Independent Pricing and Regulatory Tribunal
Level 16, 2-24 Rawson Place
SYDNEY NSW 2000

Submitted online: ipart@ipart.nsw.gov.au

14 April 2023

Dear Sir/Madam,

The future of Embedded Networks in NSW

The Australian Energy Council (AEC) welcomes the opportunity to respond to the Draft decision: Review of incentive schemes for networks made by the Australian Energy Regulator (AER).

The Australian Energy Council (AEC) is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. Our members collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to millions of homes and businesses, and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 percent emissions reduction target by 2035 and is part of the Australian Climate Roundtable promoting climate ambition.

Protecting consumers in existing markets

AEC members operate embedded networks and provide energy to customers within embedded networks or operate in competition with embedded networks. As such, the AEC is uniquely positioned to respond to many of the issues raised in the terms of reference. As a matter of principle, the AEC considers that competition, with appropriate protections, will deliver the best outcome for energy consumers in NSW.

As the Terms of Reference highlight, regulatory gaps in the customer protection frameworks have emerged as embedded networks have evolved. The AEC and its membership support an improved consumer protection regime for embedded networks, and equivalent consumer protections with conventional connections for both the benefit of customers and the level playing field such an approach allows for providers. Consistency of business requirements helps make the delivery of consumer protection at lowest operating costs (that are ultimately borne by consumers) whilst still delivering equivalent outcomes.

Protecting competition in developing markets

The Terms of Reference also note that embedded networks can produce cost effective energy solutions for owners or residents. Examples cited includes where the embedded network supplier is able to secure discounted bulk energy prices and/or supply residents with energy generated on site (for example, using solar panels). Balancing the potential for innovation in embedded networks is included in the Tribunals *Relevant Considerations (d)*, and the AEC supports its inclusion.

The Terms of Reference requires IPART to take account of recent reviews of embedded networks. The AEC notes the extensive undertaking in this regard by the AEMC review of embedded networks, and that we broadly supported the AEMC's proposed reforms which addressed the detailed requirements to fix both the technical and practical barriers, and the exemption framework problems. We believe the AEMC's work will also be instructive in the NSW review.

Please contact the undersigned at David.Markham@energycouncil.com.au should you wish to discuss.

Yours sincerely,

David Markham
Australian Energy Council