

Submission to ...

AER Draft Decision on Retail Exempt Selling and Network Exemptions Guideline



Stephanie Jolly
Executive General Manager, Policy
Australian Energy Regulator
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Canberra ACT 2601

28th April 2025

Dear Stephanie,

First, we draw your attention to this line on page 36 of the review...

"...that energy on-selling is incidental to most exempt seller's core business."

Which correlates to this line on page 9 of the Safe and Equal report...

"Commonly, selling energy is not the main activity of the seller and often forms a small part of the business they undertake."

Since 1982 when we started operating an embedded network, we have seen numerous reviews and subsequent changes to the regulations. Despite AER's stated goal of not increasing *"the administrative burden, or cost to exempt sellers"* (page 2), not one of those changes has lowered the administrative burden on our business, nor have they lowered the cost of operating the embedded network. This review is yet another pile on to that administrative burden, and yet more cost, that, ultimately, we will need to pass on to our residents.

Approach to the Review

In the Draft Decision (page 6) AER has acknowledged what we have long advocated for – that there are different embedded networks. We again state that there need to be a categorisation and regulation for each of the five main types of networks:

- Caravan Parks and Residential Communities
- Retirement Villages,
- Apartment Complexes,
- Commercial Complexes,
- Embedded Network Retailer

Active Utilities in their submission (page 26) suggests that there would be merit into splitting the R2 and NR2 categories into a small and large, with a split of 50 lots being an arbitrary measure between the two. We would support this, ***provided*** that this would lessen the regulatory burden, until a more comprehensive split as we have suggested could be implemented.

Family Violence Protections

While we support the intent behind the rules, we are concerned that the current wording risks placing inappropriate expectations on embedded network staff and operators — asking them to perform duties more suited to trained social workers, which is beyond our qualifications and role.

Furthermore, the issues that are raised are already covered in other regulations surrounding tenancies. This puts more confusion, duplication and burden on the small operators.

As stated in the Draft Decision (page 35-36) family violence protections can be challenging, so we propose a more pragmatic solution - that the protections, conditions and template could be better served by being included in hardship template and conditions. Both policies are, in essence, about an inability to pay an energy account, and to have one policy would decrease the need for more documentation that, in our experience, many do not read until it is necessary to do so. We also consider it more useful to hand the policy to the customer when they need it.

Increasing Exempt Seller Visibility

In principle, we agree that an increased ability to monitor embedded networks would be advantageous (pages 20-21). However, that ability needs to be balanced against the AER's stated aims of minimising the administrative burden and cost to an exempt seller's time to complete the monitoring.

As every embedded network will have an NMI that can be attached to the registration of the network, this would, at the very least, offer an address that an annual survey could be sent to via mail. The survey questions could confirm what is already registered and ask any questions that would help the AER to understand compliance.

Compliance Reporting

While the Ombudsman Schemes identify themes of non-compliance, we are concerned that they appear to note a complaint even if there is no evidence of wrongdoing on the part of the embedded network operator. We would accept the Ombudsman providing information on compliance issues if they were to be asked by the AER to separate the complaints they receive into the class and activity of their registration and the outcome has equal weighting to the issue.

Pricing Visibility

In the 2024 NSW IPART Review into Embedded Networks there was discussion about publishing prices for energy on the websites of embedded networks. The feedback on this proposal from stakeholders was mixed, and we also submitted that such a proposal was not feasible due to the nature of our website – tourist facing, rather than resident facing. In the end IPART decided to take another path to transparency, whereby the publishing of prices is recommended, and where this was not possible, prices would be published on the IPART website (see

<https://www.ipart.nsw.gov.au/documents/final-report/final-report-embedded-networks-april-2024>).

We consider that Condition 7 (4) could be adequately covered by Condition 7 (2) because we publish our prices from the IPART recommendation, by sending out a letter to all residents with at least 14 days notice. Furthermore, this would align the new rules with the AER's need to balance transparency with minimising administrative burden (page 2 and 27).

While we appreciate that the AER has tried to negate the need for publishing on a website, by offering the ability to display the pricing in a communal area, but this too has issues. In our park, and we would suspect that others are in the same situation, there is no "communal area". Our residents don't use the laundry, and the BBQ areas are used more by tourists than residents.

Change of Ownership

We are concerned at the change of ownership clause as this may stymie innovation and investment in embedded networks. There is the potential that the AER could do one of two things:

- add further (possibly onerous) conditions to the re-registration, or
- not re-register the embedded network.

In both cases, this could create a chilling effect on investment and innovation, counter to the AER's goal of supporting sustainable energy outcomes for consumers (page 2 and 27 of the Draft Decision)."

Should you require any further information or want clarification on any of our points above, you can contact either of us on [REDACTED] [REDACTED] [REDACTED] or email us at [REDACTED]

Yours sincerely,



Frank Edwards
(Owner)



Alison Edwards
(Manager)