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Australian Energy Regulator
Stephanie Jolly
Executive General Manager, Policy
Australian Energy Regulator
Via Email
AERexemptions@aer.gov.au

**RE: AER review of the exemptions framework for embedded networks - release of draft decision and guidelines**

Dear Colleagues

## Introduction

Strata Community Association Queensland (SCAQ) is the peak industry association supporting Queensland's professional strata management sector. With over 1,200 members, SCAQ represents a sector managing assets worth over $280 billion, generating $1.75 billion in annual economic activity in Queensland, and employing approximately 60,000 people. SCAQ's membership provides a broad, "whole of industry" perspective, uniquely positioning us to contribute to discussions impacting the strata sector.

As of 2025, there are over 530,000 lots within more than 53,000 community title schemes across Queensland. These numbers are set to grow as strata living becomes a critical component of housing solutions in Queensland's current housing crisis. Efficient housing located close to infrastructure is key to addressing these challenges, and strata schemes are integral to this vision.

SCAQ represents the interests of professional body corporate managers, support staff, and suppliers to the industry through advocacy and law reform, education and professional development, community building and engagement. SCAQ is pleased to make a submission on the 'Draft Decision'.

## Strata's Place in our Housing Supply

Urban density is an increasing feature of all major Australian Cities. Strata developments have a host of benefits broadly that mean they should be deliberately encouraged by Government. These benefits will be maximised if a robust but fair regulatory environment is created for innovative service provision in the sector.

Strata will dominate the housing landscape in coming decades, and the Government and regulators need to work to ensure that there is confidence in the systems that underpin strata to ensure that people feel comfortable raising a family and living in strata long term.

## Environmental Benefits of Strata

The environmental advantages of strata over detached housing are significant. The environmental benefits which are generally considered to be of greatest significance by experts[1] when discussing the benefits of density living over low detached dwellings include energy efficiency, a reduced need for land clearing and a resultant decrease in transport related emissions for people who live in strata property.

The environmental benefits of strata should prompt Government to find ways to promote this kind of dwelling and strive to ensure confidence in the sector.

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[1] https://www.unsustainablemagazine.com/benefits-of-high-density-housing/

## Embedded Networks and their Place in Strata

Embedded Networks are often a critical component of modern strata living, particularly at the upper to middle echelons of the market. These networks offer several key benefits that enhance the appeal of strata living and sustainable liveability.

1. **Cost Savings**: Embedded networks have the potential to significantly reduce energy bills for the majority of residents. This financial advantage makes strata properties more attractive to a broader demographic, including those who are cost-conscious.
2. **Environmental Benefits**: The green status of embedded networks are another major draw. By facilitating the use of renewable energy sources, these networks contribute to a more sustainable living environment. This eco-friendly aspect is increasingly important to many buyers and renters who prioritise environmental responsibility.
3. **Increased Renewable Energy Uptake:** Embedded networks play a crucial role in increasing the adoption of renewable energy within strata buildings. Without these networks, there would be no practical means for unit owners to individually take up renewable energy solutions. This collective approach ensures that renewable energy can be efficiently and effectively integrated into the building's energy system.
4. **Market Appeal:** The combination of cost savings and environmental benefits makes strata properties with embedded networks particularly appealing. This appeal extends to a wider range of potential residents, from environmentally conscious individuals to those looking for cost-effective living solutions.
5. **Support for Regulatory Goals**: The draft decision highlights the importance of embedded networks in achieving broader regulatory and environmental goals. By promoting the use of renewable energy and reducing overall energy consumption, embedded networks align with national and regional sustainability targets.

## SCAQ Feedback on the Draft Decision

SCAQ will individually address each of the proposed changes to both the retail and network guidelines in the order in which they appear in the draft decision. For the most part, we are happy with the draft decision and believe it is balanced in ensuring consumer protection whilst also providing scope for innovation and investment in embedded networks.

## Retail Guideline

### 1. Family Violence Protections

SCAQ is committed to ensuring safety in strata and has been involved in advocating enhanced protection for victims of family violence within strata communities. We support the need for clear policies, support services, and training for those responsible to effectively assist victims. To this end, we have consistently made submissions where appropriate to enhance the privacy of domestic violence victims in strata. Requiring sellers to develop a family violence related policy is a sensible thing and by preparing a template the burden of developing an appropriate policy is removed from business. Many embedded network operators already have policies in place; however, this clarity is welcome.

### 2. Improved Visibility

SCAQ sees no issue with the proposed requirements to update contact and customer information. We view enhanced visibility and transparency over embedded networks as a positive. We are hopeful that wider understanding will lead to greater uptake of embedded networks.

### 3. Price Visibility

SCAQ supports the initiative to offer price visibility for embedded networks, recognising the importance of transparency and informed decision-making for consumers. We support site-specific and targeted price visibility for consumers such as making them available at their place of operation or a similar online environment, so that pricing is clearly available to current and prospective residents of that embedded network, without implying general comparability across different sites. We urge the AER to be careful to ensure that any price transparency measure is clear in not implying general compatibility, which has the potential to frustrate and confuse consumers.

### 4. Hardship Support Obligations

SCAQ has no issue with offering payment plans and assistance to customers experiencing financial hardship. We note many businesses in this space already do so and believe this is an essential plank in maintaining social licence for embedded networks. We are also pleased with changes which will ensure embedded network operators offer supports for energy only customers.

### Network Guidelines

### 1. Closure of Deemed Exemption Categories

Requiring registration of most new embedded networks with the AER is a positive. We view enhanced visibility and transparency over embedded networks as a positive. We are hopeful that wider understanding will lead to greater uptake of embedded networks.

### 2. Continuity of Supply Protections

SCAQ is happy for the continuity of supply protections to be maintained. Notification to the AER and customers of the risk of disconnection will likely be helpful in enhancing the social licence for embedded networks. Striking an appropriate balance between consumer security (acknowledging electricity is a necessity) and ensuring commerciality is an important factor to be considered, particularly given embedded network providers are small businesses with economic pressures. We urge the AER to continue to monitor this provision carefully going forward in light of ongoing economic stress, as well as its potential impact on the overall viability of the embedded network sector.

### 3. Clarified Obligations for Support

Ensuring that embedded network operators provide similar support for the supply component of their Bill to those who are purchasing their power from retailers helps ensure uniformity across the system. There is however the risk of this regulation becoming a burden whilst delivering very little substantive consumer protection. The efficacy of this provision should be monitored closely. SCAQ is opposed to regulation in instances where it delivers no net consumer gain, so the efficacy of this provision must be closely monitored in our view.

### 4. Regulatory and Compliance Oversight – Visibility and Audit

SCAQ notes general commentary throughout the draft decision around the need to enhance oversight and visibility of embedded networks. Language used includes discussion around audits or random auditing. This is a matter of concern for us.

We acknowledge that no sector is perfect, and that there are demonstrated, though rare instances of consumer harm stemming from embedded networks. Despite this, a proportionate, measured approach which does not increase compliance costs and reduce innovation in the sector is warranted.

Energy is already one of Australia's most regulated sectors, and to apply further regulation to one part of the industry that is innovative is likely to have deleterious effects. The documentation notes that a lack of data and limited visibility. Whilst this is in and of itself a problem, the response should not be to impose further compliance burden, but rather to appropriately seek data to inform the specific steps required to remedy real and verifiable instances of consumer harm.

The Draft Decision and accompanying documentation note very clearly there is a dearth of evidence to suggest systemic issues and widespread harm, or misconduct in embedded network sector. Imposing things like random audits or other burdensome audit programs may divert valuable resources away from innovation to black letter compliance. The ultimate loser out of such a scenario are consumers.

SCAQ favours a targeted, measured approach, rather than a one-size-fits-all regulatory burden which likely punishes those who are complying with their obligations equally to those who are not.

The effect of audits may likely reduce the amount of new and smaller players in the market, whilst ultimately delivering little benefit to consumers.

Given this, SCAQ recommends the AER focus on enhancing existing registration and reporting tools and working directly with industry bodies like SCAQ and other embedded network adjacent organisations to ensure that there is a proportional and evidence driven approach to embedded network regulation going forward.

## Conclusion

Embedded networks are critical to the future of energy in this country. They provide a significant opportunity to help ensure the energy transition is successful, provide choice for consumers and will play an increasingly large role in driving innovation to help Australia achieve net zero emissions. It is critical to ensure that appropriate regulations help instil confidence in and not hinder the growth of embedded networks.

The sector is functioning well, and there is little evidence of consumer harm In Queensland, whilst demonstrating significant benefits. SCAQ urges the regulator to largely continue its existing approach and monitor the impact of any changes carefully.

Kind regards,

**Laura Bos**
General Manager and Company Secretary, SCAQ