



Submission  
Updating the Network and Retail Exemption  
Guidelines  
Consultation Paper



## About ENM Solutions

ENM Solutions is a leading provider of Embedded Network and electrical Professional Services across the National Electricity Market. With clients in all major cities, we partner with some of the country's most knowledgeable consultants, service providers and equipment manufacturers to conceptualise, design, implement and manage the future of the electricity market.

“Leading and supporting the evolution of Embedded Networks to Microgrids and Smart Cities.”

Emerging technologies, increasing connectivity, and instant access to information and products in the National Electricity Market is rapidly changing customer expectations and behaviours, while regulators consistently release revisions and extensions to laws, rules and guidelines in an attempt to stay up to date. ENM Solutions' suite of Professional Services, supported by our experienced team and partners, enables Embedded Networks to have the confidence that their private electricity network is being run successfully, fairly and legally.

ENM Solutions doesn't provide Embedded Network billing and management services, which makes us one of the only independent experts in the industry that's not competing for the operation of a network.

With a team of experienced and knowledgeable staff and partners, as an accredited Australian Energy Market Operator (AEMO) Embedded Network Manager, and after undertaking and providing industry specific expert training sessions, ENM Solutions is well placed to help organisations with all aspects of their electricity and Embedded Network requirements.

## ENM Solutions Submission

1. **Do stakeholders agree that responsibility for meeting certain network exemption conditions should be restricted to one person, for example the network owner or controller? If stakeholders agree, which person should be the sole registrant, noting this person should have the capacity to resolve customers' complaints?**

The comment "certain network exemption conditions" would need to be defined further; however, we believe that all network exemption conditions should be restricted to one person. This will remove the ambiguity surrounding compliance between a network "owner", "controller" and "operator"; however, ENM Solutions submits that there should be multiple persons on the network exemption with defined roles (where required). Network Exemption Guideline would then need to be updated accordingly.

There are many instances where the "owner", "controller" and "operator" will be a building owner, such as an Owners Corporation/Body Corporate, where they use a third party (an agent) to operate the network. In this instance, there would be issues with who is responsible for complying with the exemption conditions and the party that is operating the network – key to this would be contact details and the responsiveness of an Owners Corporation/Body Corporate.

Additionally, the Network Exemption is a good source of information to define who the operator of an Embedded Network is. ENM Solutions uses this register to assist customers from non ENM Solutions appointed sites that want to sign up for electricity but don't know who they should contact. In the agency example above, it would be impossible to define who the actual party to contact is. Further, not all Embedded Networks have a Retail Exemption in place.

2. **Ombudsman membership is an example where designating responsibility is likely to be helpful. Are there other examples?**

Designating responsibility is an important consideration if the Australian Energy Regulator (AER) wishes to enforce the conditions of the exemption. In the example of Ombudsman membership, it would be more important, from a customer detriment point of view, to be able to contact the party that is operating the network.

Another example of where designating responsibility is likely to be helpful includes Meter Upgrades and Switchboard Responsibilities. Where the party listed is designated as responsible for upgrading/complying with the metering and switchboards requirements for the network. However, we note that there can be two "owners" of (or in) the network – the physical wiring and the physical meters.

ENM Solutions suggests that any further evaluation of the roles that are placed on exemptions should be made with consideration of the proposed Off-Market Retailer and Embedded Network Service

Provider (ENSP) roles proposed in the “2019 Updating the regulatory frameworks for Embedded Networks”.

**3. Should we clarify the meaning of controlling and operating an embedded network?**

Yes, clarification of controlling and operating an Embedded Network is necessary and assists with compliance of exemption conditions. We also recommend that the “Ownership” side is included.

**4. Do stakeholders consider there is a need to regulate small generator aggregators under the network exemption guidelines?**

With the increased uptake and integration of new and innovative projects, including generation and storage, maintaining regulation of these areas will be beneficial.

**5. Do stakeholders interpret small generator aggregators as being captured under the NER?**

The NER Defines an Embedded Network as “A distribution system, connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a network service provider.” Based on this, small generator aggregators would fit within the definition of an Embedded Network and are captured within the NER.

**6. What do stakeholders consider a reasonable timeframe to procure and appoint an Embedded Network Manager?**

The role of the Embedded Network Manager (ENM) is to support retail competition for customers. Without an ENM, an Embedded Network customer cannot access retail competition. With preventing customer detriment in mind, an ENM should be appointed from the commencement date of the network exemption.

Embedded Networks with 30 or more tenants, it is a condition of exemption to appoint an ENM.

The ENM requirement was released from 1 December 2017 under the Power Of Choice reform, and the AER extended complying with this requirement to 31 March 2018 to give the industry time to comply. After 3.25 years, the industry should be able to comply with its conditions of exemption.

ENM Solutions notes that Section 4.7.1.1 of the AER’s Registration Exemption guidelines indicates that appointment of an ENM is required within 40 business days of a trigger event, which applies to networks with 29 or fewer customers in an applicable class. Considering the ENM has two business days to create and process a NMI upon request from a FRMP for a customer going On-Market and five business to appoints itself as the network ENM - even the stipulated 40 business days may be too generous.

Customer detriment in this instance could be 50+ business days (10 weeks) until their right to retail competition is realised.

All Embedded Network Manager contact details are centrally located and easily sourced for those who may be searching for appointment, meaning that there is little time required to actively search for competitors and establish pricing and offerings.

**7. Do stakeholders agree the appointment of Embedded Network Managers should be deferred in regional Queensland and legacy unmetered sites?**

The rights for Embedded Network customers should align as closely as possible to those of non-Embedded Network customers in support of the “National Electricity Objective”. As a general statement, regional Queensland customers have the right to a retailer of their choice, regardless of whether this choice is based on price or for other reasons. We do note that the Mineral and Energy Resources and other Legislation Amendment Bill is yet to be implemented enabling Embedded Network Operators membership with the Energy and Water Ombudsman Queensland (EWOQ). In addition, a clear definition as to what would qualify as Regional Queensland and what areas this would include would be required.

Existing Embedded Networks operating unmetered are not a viable way to allocate electricity costs to small customers. It also impedes the National Electricity Objective at the detriment of customers. Bundled prices, which include Utilities and other services, inflate the rental/lease costs, and remove a customer’s right to choose. If Electricity metering is not tackled now, then when will it be considered? The main barrier with regards to metering in these networks is not to do with the individual meters, but the upgrades to the switchboard (with appropriate spacing) that are required to meet the specifications of Ch 7 of the NER.

The Embedded Network Manager therefore has a role in supporting retail competition for customers in unmetered sites and within regional Queensland.

**8. Do stakeholders agree that the appointment of Embedded Network Managers be deferred if they are no longer required, for example when all on-market customers have reverted to off-market? Are there other situations when Embedded Network Manager services are no longer required?**

ENM Solutions does not agree that “when all on-market customers have reverted to off-market” the ENM appointment is deferred. Examples:

- If all on-market customers have reverted to off-market (they have a NMI), then one of them goes on-market, how would that customer go off-market again?

- With the ENM as the LNSP in MSATS, who will take on this role for the NMI once the ENM is no longer appointed?
- Who would be responsible for abolishing meters?
- Changes to DLF at the Parent Meter does not flow automatically to On-Market Child NMIs.
- There is no obligation for network exemption holders, or any other party, to hold single line diagrams and Embedded Network metering information as per the ENM Service Level Procedure.
- Cost to the customer should not be a concern, given that only specific configurations can pass on the cost of an ENM to the tenants. This cost is otherwise to be borne by the Embedded Network operator.
- In the instance where Embedded Networks can recover Network Charges from the customer's FRMP, what party is better placed to do this than the ENM? All parties involved to the meter are visible by the ENM.

Maintaining the appointment of an ENM past their return into the network may be an important check on how the network is being managed, and perhaps more importantly – managing the ongoing interface with MSATS that will need to occur.

**9. Do stakeholders agree to removing 'eligible communities' and counteroffer provisions from the network exemption guideline?**

ENM Solutions supports the removal of 'eligible communities' and counteroffer provisions from the network exemption guidelines.

**10. Should the information Embedded Network owners/operators provide prospective customers be standardised?**

ENM Solutions' position is that the information standardised is the minimum requirement, allowing networks to provide additional information at their discretion as part of their competitive advantage within the market.

**11. Should the network exemption guideline's term 'express written consent' be replaced with 'explicit informed consent', and be provided in writing?**

ENM solutions supports the replacement of Express Written Consent with Explicit Informed Consent.

**12. Should record keeping requirements explicitly apply to all situations where consent is required under the network and retail guidelines?**

ENM Solutions is supportive of the proposed change.

**13. Do stakeholders support proposed clarifications to the retail and network exemption guidelines' retrofit requirements? If not, what are the reasons for not supporting the changes?**

Having completed Individual Exemptions in the past, ENM Solutions agrees in principle that any further clarification can only improve the outcome for Owners, Controllers, Operators and customers involved in the retrofit process.

**14. Are there any other provisions or requirements that need to be clarified in either the retail or network exemption guidelines?**

As Embedded Networks have evolved, so have their configurations in a variety of settings. Sites that utilise an Embedded Network within an Embedded Network are not clearly addressed within the network exemption or retail guidelines, further clarification on the rights for customers within these configurations is required. Current procedures within MSATS limit the ability of customers to exercise their rights, making this a priority area for further regulatory support.

**15. Is there any other information exempt sellers should provide Embedded Network customers to help them access retail competition?**

ENM Solutions is supportive of the development of a fact sheet describing the process an Embedded Network Customer must follow to go on market, having provided our own to customers for many years. This would fall further in line with recent amendments to tenancy and sale of land laws in Victoria. Consistently within Embedded Networks, we identify education of customers, owners and operators a primary factor in the outcomes an Embedded Network can deliver. All Stakeholders should be aware of the rights of those within the network (Operators, Customers, Owners) and the availability and application of an Embedded Network Manager in these scenarios.

**16. Do stakeholders have a preference – for a broader set of hardship assistance conditions or an exempt seller hardship plan?**

ENM Solutions would be supportive of adopting the standard requirements of providers with a retail authorisation/license when it comes to hardship. Hardship should be a significant consideration due to the impact on customers, leading us to believe that a high quality of conditions should apply. These protections are there for customers suffering from domestic violence, requiring life support, concessions and experiencing financial hardship. While those who may want to take on these responsibilities in house may find this challenging, good Embedded Network Operators will already be delivering these and ready to support their requirements.

**17. What key protections should be included in a hardship policy template for exempt sellers?**

ENM Solutions supports the adoptions of the same requirement as for authorised retailers in principle, with specific considerations for the requirements of reporting and similar obligations for smaller networks.

**18. What additional obligations should the core exemption conditions include?**

Given the increase in access and use of individual metering data in networks, ENM Solutions would suggest the inclusion of Privacy Policies and the requirement to include the core exemption conditions on the website of the relevant Operator.

**19. Are there other measures that would facilitate exemption holders' taking up membership of ombudsman schemes?**

Removing the specific costs for Embedded Networks would provide a good first step for smaller networks that may be more likely to face compliance or customer issues due to lack of resources.

**20. Do stakeholders support regulation of the sale of energy to chill water?**

ENM Solutions agrees in principle with the proposed regulation of the sale of energy to chill water.

**21. What are the main issues for this type of energy sale and what sorts of conditions should apply?**

No comment.