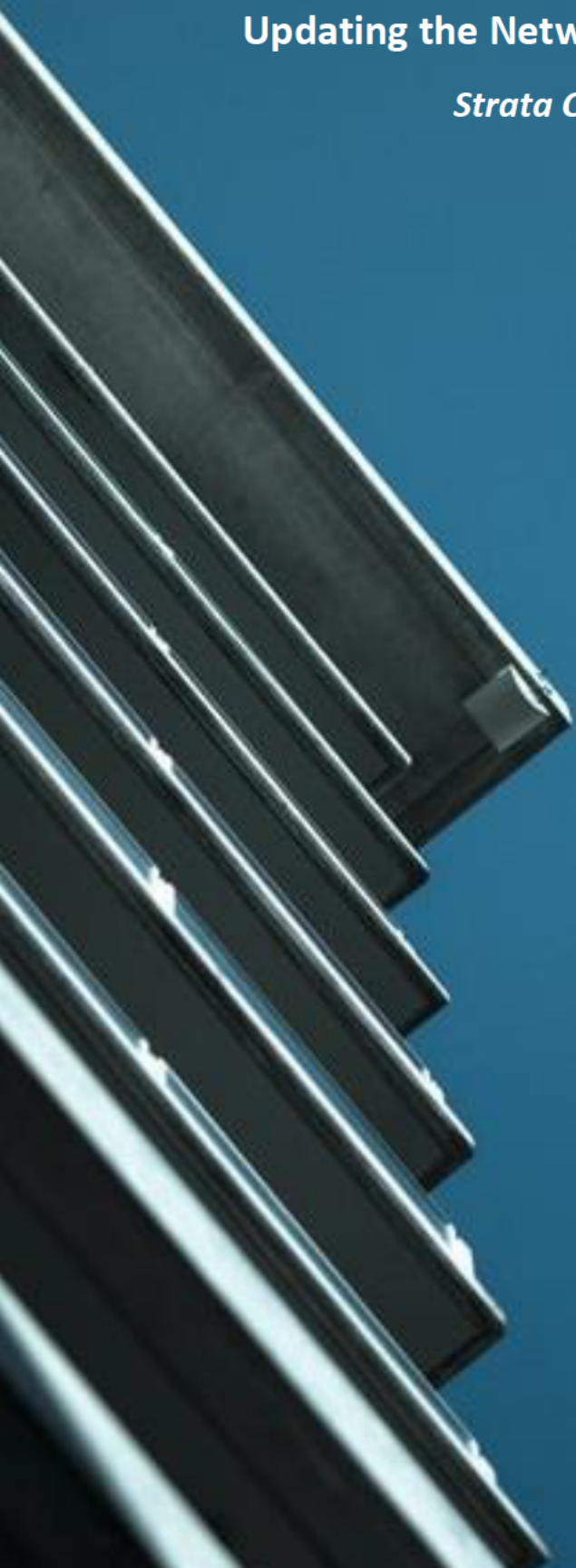


Updating the Network and Retail Exemption Guidelines

Strata Community Association (SCA)

18 June 2021



Introduction

Strata Community Association (SCA) is the peak industry body for Body Corporate and Community Title Management (also referred to as Strata Management, Strata Title or Owners Corporations Management) in Australia and New Zealand.

Our 5,000 individual and corporate members include strata/body corporate managers, support staff, owners' representatives and suppliers of products and services to the industry. SCA proudly fulfils the dual roles of a professional institute and consumer advocate.

Direct employment in specialist strata management companies is approaching 10,000 people. More significantly, they are pivotal in an estimated \$6.7 billion in annual economic activity.

Based on the 2020 Australasian Strata Insights Report, more than 2.2 million people live in flats and apartments, the vast majority being strata titled.¹ This figure does not include other forms of strata title such as townhouses and community titled developments. Nor does it include businesses operating in strata titled commercial buildings. The estimated value of property under strata title in 2020 exceeds \$1.3 trillion.²

As the growth of apartment and strata living has intensified over the last decade, the strata management strata services industry has grown in lock step to serve it. Strata managers navigate through a maze of Commonwealth, State and Territory legislation and regulation ranging from actual strata specific legislation, regulation, workplace, health, and safety issues and building codes as well as measures applicable to the management of body corporate funds.

¹ Hazel Easthope, Sian Thompson and Alistair Sisson, *Australasian Strata Insights 2020*, City Futures Research Centre, UNSW, Accessed at <https://cityfutures.be.unsw.edu.au/research/projects/2020-australasian-strata-insights/>

² Ibid, p6

Background

Based on SCA's previous consultations in Victoria and South Australia, embedded networks have been broadly defined as privately operated and/or controlled electricity networks designed to serve multiple premises or lots within a building or self-contained zone.

Embedded networks are common within strata-titled properties such as apartment blocks, retirement villages, and other multi-unit dwellings.

Within Victoria, the State Government has indicated its intention to ban embedded networks within new builds, as part of a 2018 election promise. In its submission, SCA (Vic) urged the government to consider appropriate support for legacy networks, retrofitting and appropriate revision of the processes needed to enable transfer from 'on-market' to 'off-market' supply status.

Embedded networks have been the subject of review in South Australia in 2021, where SCA (SA/NT) have recommended similar protections for legacy networks to meet new regulations,

Input from stakeholders engaged by SCA in these consultations will thus inform segments of this submission. SCA acknowledge that this review specifically refers to network exemption guidelines as a facet of addressing broader issues facing consumers within embedded networks.

SCA Submission Highlights

It is ultimately the view of SCA that embedded network customers should be able to engage in full retail choice, removing the current limitations for a customer to go on-market to find the best price. Very simply, the same protections offered to a market retail customer should be offered to an embedded network's customer, and they should attract commensurate levels of regulation and enforcement.

In representing multiple stakeholders involved within the strata sector as well as consumers, SCA agree with the premise of several key issues to be resolved in this review, including:

- **The delegation of responsibility for meeting the AER's exemption requirements in the context of owners corporations/strata;**
- **Distinction in the AER's definitions of control and operation of embedded networks;**
- **Standardisation of information available to consumers within embedded networks and revision of consent principles.**

SCA broadly agree with the assessment that the AER's review into the Network and Retail Exemption guidelines will form a partial basis for creating better outcomes for consumers, and subsequently support the measures to be implemented. SCA also acknowledge that the review is limited in its scope in relation to its scope in resolving issues in relation to embedded networks and consumer outcomes.

SCA Responses to Consultation Questions

Question 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?

Yes. Responsibility for meeting network exemption conditions, specifically ombudsman membership and the administrative processes involved, should be restricted to retailers.

Question 3 - Should we clarify the meaning of controlling and operating an embedded network?

Yes. The energy industry should be thoroughly consulted to arrive at these definitions.

SCA's previous advocacy concerning the distinction between operation and control of embedded networks in Victoria has focused on issues such as 'off-market' status causing effective duality of charges for consumers within these networks for distribution and service.

Clarity and effectiveness of the AER's definition of the control and operation of embedded networks should therefore be pursued as a matter of priority to provide an initial means of addressing issues of transparency and uniformity of costs to consumers within strata communities.

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

No, as there are no customers involved in the arrangements undertaken by SGAs to access the National Energy Market (NEM) via an embedded network.

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

Yes.

Question 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?

Yes.

Question 9 - Do stakeholders agree to removing the 'eligible communities' and counter-offer provisions from the network exemption guideline?

Yes.

Question 10 - Should the information embedded network owners/operators provide prospective customers be standardised?

Yes; consumers living within strata should be as adequately informed of all terms and conditions pertaining to purchase of energy supply from embedded network owners and operators.

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

Yes; refer to the answer above. A form of explicit informed consent should be simplified and provided in writing.

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

Yes; refer to the above answer.

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

Yes. We support the intention of these provisions and the review that would subsequently follow a positive response to undertake, however without final guidelines it is difficult to confirm whether the final position reached would be positive or workable. Further consultation with industry should be required after receiving a positive response to undertake new provisions in this area.

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

Making information regarding compliance with membership of ombudsman schemes clear and readily available to exemption holders should be considered.

For further information about this consultation, please contact [REDACTED]
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