



4 February 2019

Sebastian Roberts
General Manager
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Email: NSW2019-24@aer.gov.au

Dear Mr Roberts,

RE: Ausgrid's Revised Regulatory Proposal 2019-2024

WINconnect Pty Ltd (WINconnect) welcomes the opportunity to provide comments in response to Ausgrid's revised regulatory proposal for the period 1 July 2019 to 30 June 2024.

WINconnect is a privately-owned company specialising in the establishment and operation of private embedded networks for electricity. Operating since 2005, WINconnect now provides a full portfolio of utility services to over 500 embedded network sites across Victoria, NSW, Queensland, South Australia and Western Australia. Our clients include large funds and property trusts who own shopping centres as well as property developers who either build and manage properties or hand them over to owners' corporations on completion.

WINconnect also holds electricity retail authorisations in Victoria and under the National Energy Customer Framework (NECF), a NECF retail gas authorisation and are an accredited Embedded Network Manager (ENM). We have market participant status with AEMO and the ASX and we hold an Australian Financial Securities Licence.

We thank the AER for the opportunity to provide feedback. We do not intend to comment on Ausgrid's proposal in its entirety, rather, our feedback is related specifically to Ausgrid's intention to introduce a new network tariff specific to embedded networks. Ausgrid has made some assertions about the impact of embedded networks which we believe do not stack-up under closer scrutiny.

Our concern is not so much that Ausgrid plans to introduce a specific network tariff category for embedded networks, but rather, that the tariff will be designed to increase the overall network costs charged to embedded networks where there is no justification for this to occur.

Ausgrid claims that there are, "*undue cost impacts faced by other regulated customers when embedded network operators profit from the difference between existing network tariff structures without reducing the cost they impose on the shared network.*" This claim is unsubstantiated. There is no difference in costs incurred by the Distribution Network Service Providers (DNSPs) whether they supply electricity to a standard large market customer or to a large market customer that is the parent connection point to an embedded network. Just like a standard large customer, the customer at the parent connection point is:

- A business;
- Has demand and load profiles like other standard large customers; and
- Has a contestable meter and utilises contestable metering services (no metering services required by the DNSP);

That multiple energy consumers exist downstream of the parent connection point has no bearing on the determination of a DNSP's network tariffs as these consumers are supplied and serviced via private network infrastructure operated by the Exempt Embedded Network Service Provider (EENSP).

In fact, alternative control service costs and administrative costs incurred by DNSPs in relation to embedded networks have significantly reduced. Since the introduction of the ENM role, the DNSPs are no longer concerned with administrative costs associated with managing and maintaining MSATS standing data for Child NMIs, Child NMI allocations and EN wiring details. They also do not provide any metering services to Child NMIs since the Power of Choice reforms.

Many embedded network operators pass on the financial benefits to their energy consumers through discounts, low pricing or reduction in common fees, and invest in innovative and sustainable energy solutions, such as solar, batteries, electric vehicle chargers or energy efficiency initiatives, all of which serve the long-term interests of consumers. Penalising embedded networks by imposing higher network tariffs will achieve the opposite.

The revised proposal from Ausgrid does not contain any indicative pricing for the embedded network tariff nor any specific information as to the structure of the tariff and how it would be assigned or reassigned to embedded networks. Whilst it has been introduced as a placeholder only, with Ausgrid flagging that further researching and stakeholder engagement will take place, we do not see any sound reasoning for the tariff to be introduced in this regulatory period. We consider it more prudent to conduct the research and stakeholder engagement first so that the AER may be presented with all the detail necessary to make a determination.

Sincerely



Philip Baxter
Chief Operating Officer
WINconnect Pty Ltd