

# Embedded Networks Review

## Summary of the Panel's Recommendations

### The Panel's draft recommendations

<b>Recommendation 1</b>	Initially, the Victorian Government's commitment to ban embedded networks in new apartment buildings (allowing appropriate exemptions) should be implemented via amendments to the General Exemption Order (GEO).
<b>Recommendation 2</b>	Residential exemptions under the revised GEO should no longer be "automatic". Instead, there should be an exemptions approval process administered and regulated by the Essential Services Commission (ESC).
<b>Recommendation 3</b>	<p>To give longer-term effect to the ban and to ensure equity and fairness for customers, the licensing framework under the <i>Electricity Industry Act 2000</i> (EIA) should be amended to enable licensing of 'Local Energy Service' (LES) providers for private networks.</p> <p>Once the new licensing framework is in place, anyone who supplies and/or sells electricity in new residential sites containing a private network (including apartment buildings, social housing, retirement villages and residential parks) must obtain a specific LES licence from the ESC.</p>
<b>Recommendation 4</b>	Entities which currently sell or supply electricity pursuant to an exemption under the GEO should be transitioned into the LES licensing framework.
<b>Recommendation 5</b>	In the future, if the Victorian Government undertakes a broader licensing framework review, it should consider the intersection of these Recommendations with that review, and further, whether the exemptions framework remains fit for purpose.
<b>Recommendation 6</b>	Once the GEO amendments are given effect as specified in Recommendations 1 and 2, consumers living in all types of residential private networks (including those living in social housing, retirement villages and residential parks) should have access to equal or equivalent consumer protections as on-market customers.
<b>Recommendation 7</b>	The monitoring, compliance and enforcement framework for private networks should be robust and proportionate and aligned with the ESC's framework and approach for current licensed energy providers.
<b>Recommendation 8</b>	All private network customers should have access to the energy retail market and it should be easy for them to transfer to an on-market energy retailer. Customers within a private network should not face a greater financial or administrative burden to change retailers than other Victorian customers.
<b>Recommendation 9</b>	<p>Customers within legacy (existing) private networks should not remain stranded within a private network indefinitely.</p> <p>To support the implementation of Recommendation 4, over time, metering and/or other internal infrastructure in legacy (existing) embedded networks should be upgraded and/or changed to enable these customers to access the retail market without imposing a cost burden on customers to do so.</p>

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<b>Recommendation 10</b>	<p>Owners and occupants in residential private networks must be provided with adequate information about their rights and obligations as a customer within a private network and about commercial agreements relating to the private network infrastructure and ownership and management of these assets.</p> <p>Adequate information disclosure should be required under both the GEO and as part of the LES licensing regime.</p>
<b>Recommendation 11</b>	<p>Planning, building and strata requirements should be amended to oblige anyone proposing to install relevant infrastructure associated with the supply and/or sale of electricity within a residential building via a private network to design, build and operate the private network to incorporate renewable or other clean energy technologies which enable benefits to be passed on to customers. Information, especially relating to infrastructure assets, must also be disclosed to prospective purchasers.</p>
<b>Recommendation 12</b>	<p>Planning, building and strata requirements should also be amended to oblige anyone proposing to supply other bundled services within a residential building/site (including bulk hot-water, bulk heating/cooling or unmetered gas for cooktops) to meet similar standards to design, construct, establish and operate those services in the best interests of prospective owners and occupants, and to disclose appropriate information.</p>
<b>Recommendation 13</b>	<p>There should be appropriate regulation, monitoring and enforcement relating to currently unregulated bundled services (including bulk hot-water, bulk heating/cooling and unmetered gas cooktops) to ensure there is no longer secondary, separate treatment for consumers of these essential services.</p>
<b>Recommendation 14</b>	<p>Customers in a private network should be adequately protected in the event that the private network fails or the entity operating or responsible for the private network becomes insolvent.</p> <p>The Victorian Government should give the ESC power to appoint an alternative provider to operate the private network in this situation to ensure continuity of supply for customers within that private network.</p>
<b>Recommendation 15</b>	<p>A mechanism (or mechanisms) should be established to ensure that the voices of consumers living in apartment buildings, retirement villages, social housing and residential parks are heard in policy and regulatory development.</p>
<b>Recommendation 16</b>	<p>The changes to the GEO and the new LES licensing regime will need to be phased in over time.</p>