



Submissions to VDO – Issues Paper
Price Monitoring and Regulation
Essential Services Commission
Level 27, 2 Lonsdale Street
Melbourne VIC 3000

12 August 2019

Victorian Default Offer to apply from 1 January 2020 – Issues Paper – 23 July 2019

To Whom it may concern,

Re: VDO Issues paper – Embedded Networks

Thank you for the opportunity to participate in providing stakeholder feedback, most recently in relation to the Victorian Default Offer, specifically relating to embedded networks.

About Energy Intelligence

Energy Intelligence is an energy consultancy providing advisory services to clients within the embedded sector. We focus on providing ongoing services to a broad client base whom own / operate embedded sites within the commercial, industrial and retail sectors. Our services include consultation on the implementation and ongoing management of embedded networks. We also provide billing services and tenancy management and are an accredited Embedded Network Manager (ENM). We work cooperatively with the AEMC, AER, AEMO, ESC and EWOV. Apart from Embedded Network services, we also provide a wide range of energy management advisory services.

We would like to thank the ESC for their work so far and the stakeholder engagement that has taken place in a bid to update the Victorian Default Offer. With regards to how the Victorian Default Offer affects Embedded Networks, there are a couple of points we would like to highlight.



General Comments

We are concerned that the increase and potential cost of operating Embedded Networks are not fully understood and taken into account. These include, but are not limited to:

- set up and ongoing costs associated with ENM accreditation & ongoing annual AEMO costs
- proposed AEMC regulatory framework which includes new market roles imposed on Embedded Networks. This does not include the jurisdictional bodies review that are not yet completed or published - we will have no clarity as to the complexity and cost of registration for these new roles
- membership fees to approved external dispute resolution schemes
- high regulatory costs; Embedded Networks in Victoria are required to comply with the National Energy Law and the AER's Electricity NSP Registration Exemption Guideline in addition to the General Exemption Order, Energy Retail Code and Electricity Distribution Code.

The issues paper seeks views on the impediments to an Embedded Network customer's ability to access competitive offers from retailers. The proposed AEMC regulatory framework will remove these impediments. This should be taken into consideration.

We manage Embedded Networks in many shopping centres and analysis on tenant composition shows that on average, less than 20% of retailers are considered 'sole traders'. Energy Intelligence would like to seek clarification and confirmation as to whether customers who hold multiple energy accounts - either in the same centre or across numerous centres - whose total consumption is above the "small business customer" threshold, should be treated as a large customer. The issues paper does not address this.

We thank the Essential Service Commission for consulting with stakeholders and hope that you will continue to engage with us, and also seek feedback from AEMO and the AER given their experience working with us as ENM's. We hope that the many complexities associated with Embedded Networks are given due consideration.

Please feel free to contact myself or Mussan Larnach at compliance@energyintel.com.au if you have any further questions.

Yours sincerely,

Mardi Trezise

Managing Director

Energy Intelligence Pty Ltd