

10 March 2020

In reply please quote reference:

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Essential Services Commissioner
Level 37, 2 Lonsdale Street
MELBOURNE 3000

To whom it may concern,

Darebin Council Submission
Maximum prices for embedded networks and other exempt sellers

Darebin Council welcomes the opportunity to provide feedback on the proposed framework for formulating maximum prices for embedded network providers. Local government plays a key role in the provision of planning of buildings, services and programs. Understanding and appreciating the pressure points experienced by diverse and vulnerable communities are within the realms of our expertise.

Located in the northern suburbs of Melbourne with an estimated resident population of 161,609 the municipality of Darebin boasts a community rich in diversity and ethnicity. Older people play an important role in the community. At the 2016 census there were over 20,000 people 65 years and over. Of this 3,753 were people 85 years and over.

Council's Aged and Disability Department provides aged care services through the Commonwealth Home Support Program. Services include home maintenance, home support, personal care and respite which are provided in the homes, moveable dwellings of older residents who live in caravans and retirement villages.

Community development officers also work closely with older residents not connected to formal aged care services. Over the last three years Council has been working closely with residents who live in Summerhill Residential Park (Summerhill). One hundred and ninety-two residents live at Summerhill. Under the Residential Tenancies Act, Summerhill is considered a caravan park.

There has been a disturbing pattern of financial abuse targeted at residents. These issues include overcharging of electricity, bi-monthly charges in addition to the embedded network provider charging maximum usage per kWh. This is an aside from the overcharging of gas and annual rent that has not aligned with the Residential Tenancies Act.

The intention of this submission is to highlight how insufficient regulation of embedded networks and systemic inadequacies have contributed to the disempowerment of older people who are



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vulnerable and financially disadvantaged. Our contribution to this submission is written with these residents in mind.

Should you have any questions relating to this submission I can be contacted on (03) 8470 8339.



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1. Are there any other issues we should consider in our framework for formulating a maximum price for embedded networks?

Darebin Council's Aged and Disability Department have been working closely with residents of Summerhill Residential Park (Summerhill) who are customers of an embedded network. Residents who have chosen to live at Summerhill have purchased their moveable home and rent the land on which it sits from the park owner. Summerhill is considered a caravan park under the Residential Tenancies Act.

For well over a decade, residents have encountered many difficulties, including misinformation, intimidation, fear and financial stress. Many of these experiences relate directly to being overcharged on their utilities and rent by the park manager who is also their energy provider.

Issues to be considered in the formulating and implementing a framework for maximum prices for embedded networks and exempt sellers:

- Discounts for bulk purchased energy that exempt sellers receive should be passed onto the customer. This is of particular importance where majority of these customers are concession card holders or on low income as is the case for residential park residents, many private renters, and rooming house tenants.
- Concession pricing be a consideration of the framework enabling concession holders to access discounts relating to their energy costs. Embedded network customers cannot access these discounts under the current system, regardless if they are concession card holders or pensioners. Many of the residents at Summerhill fall in this category.
- We agree that the maximum price for exempt sellers should form a hard cap on the pricing offered to customers, however regulation and monitoring of these standards should be an integral component of the new framework.
- Enforcing these maximum prices should be the responsibility of the Essential Services Commission (ESC), with the onus put on the exempt seller to regularly update the ESC on their pricing. It should not be the responsibility of customers to lodge complaints for this pricing to be enforced.
- As part of the maximum price, there should be consideration for older residents that might spend more energy usage during day times, negatively affected by peak loading.

Based on the first-hand accounts we've heard from residents about their experiences and the significant time needed to support residents to progress these issues, a new framework should be fair, equitable and transparent with mechanisms for regulation and monitoring built into its processes.

2. Is there any other information we should consider in having regard to commercial market data?

- Maximum prices should reflect the bulk discounts available to exempt sellers, which may not be consistent with the Victorian Default Offer (VDO),
- Our work with residents of Summerhill have reinforced that embedded networks are poorly regulated.
- Legal advice given to residents confirmed rates were above market values breaching the Residential Tenancies Act dating back many years.

3. We are interested in stakeholder views on the VDO tariff types outlined above and how they might be applied in the context of a maximum price for exempt sellers. What do you see as the advantages/disadvantages of each option?

We see the following issues with applying the VDO to exempt sellers:

- Exempt sellers are in many cases receiving bulk discounts. These discounts should be taken into consideration when applying a maximum price for embedded networks, and how this may differ from the VDO.
- Energy bills for customers of embedded networks are not always clear, do not itemise all fees and do not always have explanations for fees charged. In our work with residents of Summerhill we've witnessed a 'site service fee' supply charge appears not to be calculated daily or made clear to the customer what these charges encompass.
- Many customers may not be aware of the VDO. Consideration should be made for customers that do not access the internet or have barriers to this information. How will this maximum price be made available to embedded network customers and how will it be monitored and enforced?

Issues relating to embedded networks are complicated. Council's communications with the Essential Service Commissioner and Consumer Affairs and the Ombudsman suggest a real need for improved regulation of embedded networks, profit driven nature of (some) exempt sellers and the need for penalties.

4. What types of tariffs are currently offered by exempt sellers? On what basis do exempt sellers currently determine tariff structures?

Tariff types and structures have not been the focal point of our work with Summerhill residents. However, we recognise the need for transparency in the breakdown of energy costs in an accessible easy English format.

5. Are there any other issues in relation to tariff structures we should consider?

As above.

6. We are interested in stakeholder views about any implementation issues. Please provide evidence to support your views.

Summerhill residents have demonstrated great tenacity at raising issues relating to their experiences with their energy provider but have also experienced many set-backs and promises from policy makers and politicians that have resulted in very little positive action for change.

Council advocacy calls for:

- A clear and supportive process for residents to exercise their rights to have their complaints lodged and actions to be taken in a timely manner.
- We would strongly support a new process under which the various regulatory bodies (e.g. Essential Services Commission, Energy and Water Ombudsman, Consumer Affairs, VCAT, Commissioner for Residential Tenancies) work in a cohesive and effective way to resolve these longstanding issues, reducing the onus on individual residents to create change.

- Developing a suitable public forum for information sharing regarding common issues/themes that the ESC hear from embedded network customers. This would build capacity for customers to be aware of and advocate for their right to fair energy prices.

7. Is there any other information we should consider?

Our work with residents of Summerhill has reinforced the existing system places great onus on residents to undertake self- advocacy. This requires enormous confidence and in the first instance an understanding of relevant legislation.

Within the context of embedded networks, this is highly problematic as it places the resident in an increasingly vulnerable situation given their landlord is also their exempt seller. The existing system has encouraged distrust and fatigue from residents relating to the many unresolved issues regarding their high utility bills.

We would be encouraged to see the ESC improve the existing complaints process particularly putting the responsibility back on the exempt seller to adhere to any maximum pricing and relevant regulations. Customers have the right to fair energy pricing under the Residential Tenancies Act, and we see this as the role of ESC to enforce.

In forming a response this consultation paper, it was clear that barriers remain for some customers of embedded networks to be involved in this important process. The assumed knowledge and technical language used may prevent many customers making submissions, also considering they may not have access to the internet where the consultation paper is published. Therefore, we'd recommend broader consultation processes in future to include these customers that are directly affected by prices of embedded networks.

