

Embedded Electricity

We refer to the ABC news dated 30 Oct 2019 reported of the financial woes encountered due to overcharge of embedded electricity, refer weblink below:

<https://www.abc.net.au/news/2019-10-30/embedded-electricity-networks-energy-customers-paying-too-much/11653730>

The survey results indicated that the customers of embedded electricity have no avenue but pay more for their electricity. The profit gain is only for the providers of embedded network or the Owners Corporation (OC) as the cost saving was not pass on to the consumers.

Consumers for the existing embedded electricity will have to rely upon regulatory body for applicable rate and does not have the freedom to disagree with charge imposed and they do not have the option to choose alternative supplier/retailer.

The measure to set up a maximum pricing to embedded electricity will not work because the minimum rate will cease to exist since the embedded network provider will just charge the maximum amount allowable as there is no competitor – we had experienced this in our gas hot water embedded network where they pegged to South East Water rate and we can't do anything about the rate imposed. The OC stated that the "profit" of the Water Bill goes back to the OC fund but we believe that was a loophole to increase our building levies without going through owners' approval. The OC had also claimed in the refurbishment budget that they have the fund to do the renovation work! The intent of the embedded network is to provide cheaper utilities to consumer but this proved to be contrary as "collective savings" is misused.

For those already within the existing embedded networks, the customers should be protected against Service Providers or/ the OC who has ill intent to retain fund for other use without having to go through owners' approval for special levies. In this respect, the rate could be pegged at 25% less than the Victorian Default Offer (VDO). This is on the basis that the current market rate Elysian Energy is offering <https://www.canstarblue.com.au/electricity/compare-electricity-prices-in-victoria/>, is 23% less than VDO and we expect that the embedded electricity should be a lot cheaper than market rate. Both the VDO and the reduced percentage for embedded electricity could be reviewed on an annual basis to reflect the market change.

In summary, the installation of embedded electricity should be discontinued in new buildings/development and the electricity in existing buildings should not be allowed to change to embedded network. All electricity (utilities) customers should have the right to choose alternative supplier/retailer if they do not agree with the rate charged.