

Submission: Embedded Networks Enquiry

Council of the Ageing (COTA) NSW

COTA NSW is the peak body representing people over 50 in NSW. We're an independent, non-partisan, consumer-based, non-government organisation. We work with politicians, policy makers, service and product providers, as well as the media to ensure the views and voices of older people are heard and acted on.

Our work is to:

- inform
- educate
- engage
- advocate

We work with:

- the community
- service & product providers
- government
- the media

COTA NSW has launched some of the State's most important initiatives for older people, including NSW Meals on Wheels, Carers NSW, and the Retirement Village Residents Association.

Currently COTA NSW delivers a range of services to older people in NSW, including an Aged Care Navigation service, the Legal Pathways program and Strength for Life.

Acknowledgement of Country

COTA NSW acknowledges the unique status of Australia's First Peoples as the original people of this land. We recognise their cultures, histories and ongoing relationship and obligations to the land, sky and waterways.

In the spirit of reconciliation, COTA NSW acknowledges all traditional custodians of the lands we today know as New South Wales.

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Introduction

Older people are particularly likely to reside within embedded networks, especially in residential parks, retirement villages, or strata complexes. Furthermore, older people are particularly likely to be vulnerable to the cost-of-living pressures that embedded network exploitation can create. These issues compound with the difficulties that many older people may face in navigating the energy market due to issues of digital access, making older people particularly at risk of exploitation.

The current regulatory framework around embedded networks is unsatisfactory and difficult to navigate. The in-theory requirement that exempt sellers do not charge more than the standing offer price of your network area is welcome¹, but can be circumvented in practise – for example, one energy retailer that took over the operating rights for an embedded network charged at below-standing offer prices, but added an additional ‘supply charge’, costing residents \$500 more per year².

Similarly welcome is the in-theory provision that energy consumers be allowed to change retail providers. However, this often does not apply in practise. Changing retail providers in an embedded network is a lengthy and often costly process, as consumers are required to cover the cost of changes themselves – including the cost of updating metres – and requires a familiarity with the energy market that many older people, particularly those from culturally and linguistically diverse communities.

The situation is complicated further by the role of different jurisdictions. Through the Australian Energy Regulator, the provision of retail exemptions is exercised by the federal government. It is unfortunate that this is beyond the scope of this enquiry, as changes to the regulations around the granting of retail exemptions may be one of the most promising reforms available to government. Below are a series of recommendations that COTA believes could assist older people residing in embedded networks.

Recommendations

- **Providing greater information on embedded network consumers’ rights** – greater information dissemination could help raise awareness among consumers as to their rights, and the options available for redress. Crucially, this information dissemination should take place in a wide variety of languages and formats. Non-digital means of information dissemination, such as community radio and newspapers, are extremely important to sharing information with older people who may not use digital media with frequency.
- **Assisting embedded network residents to change energy retailers** – changing retailers in an embedded network often carries a tremendously high opportunity cost. Consumers must research suitable energy retailers, contact them to determine if they will sell energy to the network, and cover the cost of replacing the metre.

¹ Energy and Water Ombudsman NSW, *FAQs about embedded networks and exempt sellers*, p. 1.

² <https://www.tenants.org.au/thenoticeboard/news/hummmmm>.

Assisting consumers through this process with rebates to cover costs or providing administrative support could help ease this cost.

- **Collaborating with federal government to secure wider reforms** – ultimately, more lasting reforms to tackle this issue will have to come from the federal level. Increasing the stringency of securing a retail exemption to operate an embedded network through the Australian Energy Regulator, removing exemptions for operators who violate regulations, and providing alternative options to consumers will all require collaboration between state and federal governments.

Conclusion

Thank you for the opportunity to provide a submission on the issue of embedded networks. While the current situation is deeply unsatisfactory, we are optimistic that reforms are available to policymakers that will eliminate exploitation in this area. While the most significant of these reforms fall under a federal jurisdiction, the state government should not ignore the remedies it has available to it.

COTA NSW looks forward to working with Parliament and all other relevant bodies to ensure that the needs and desires of older people continue to be supported.