



10th March 2020

To: Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne, Victoria 3000

To the Essential Services Commission,

RE: ENSA Pty Ltd Submission to Maximum Price for Exempt Sellers Consultation Paper

ENSA thanks the Essential Services Commission (ESC) for the opportunity to respond to the *Maximum prices for embedded networks and other exempt sellers* consultation paper, released on the 5th February, 2020.

ENSA supports the implementation of capped pricing for embedded networks.

ENSA has been at the forefront of installing NMI 6, interval based, market compliant meters. We support fair access to the retail market and customers exercising the “Power of Choice” legislation.

Embedded Network operators incur additional fees relating to Power of Choice regulations, such as Embedded Network Manager fees. Whilst in theory we agree to this implementation, retailers must be in a position, with a fully documented process to be able to “churn” a customer easily and successfully. We find retailers make this process difficult and we spend countless hours educating them in the process. In the end, we waste a lot of time on an unsuccessful conversion which prejudice the customer and costs both parties wasted “back-office” expense.

Further analysis is required to understand true Regulatory Compliance costs to Embedded network providers. ENSA challenge the suggestion that Embedded Networks do not incur costs associated with customer acquisition and retention. We suggest Brownfield conversions are heavily regulated with consent requirements and Network Providers charging exorbitant “exit-fees”. This inhibits Brownfield conversion.

The ESC note the benefits outweigh the alternative approaches, such as assessing a “cost-stack” approach specifically for exempt sellers, it is important to note the challenges Embedded Network Providers are faced with.





The primary “cost-stack” for a bundled electricity cost comprises of Energy, Network and Other Charges component. The “actual” cost to embedded networks is between 19.00 c/kWh to 25.00 c/kWh, which in most cases exceeds the proposed VDO rates. Many of these energy contracts extend to 2021. Most Embedded Network providers also do not have the degree of resource and access to wholesale market monitoring that retailers do to achieve significantly lower rates.

It is important to consider that beyond selling electricity, embedded networks aim to benefit occupants and owners by investing in building maintenance, service integration, billing convenience, and personalised service. We aim to make buildings energy efficient and environmentally friendly and believe if embedded networks are bound by the same costing regulation as retailers, innovation and investment in domestic and commercial buildings will prove difficult. For example, micro grids vs sunk investment.

ENSA suggest Embedded networks should be capped by a pricing methodology similar to the DMO, which gives flexibility within reason to rate setting. ENSA takes a personalized approach with all customers and offers price match guarantees to ensure no one is disadvantaged.

It is critical that everyone, especially those in vulnerable positions have access to competitive offers no matter where they live. We support measures that protect customers in both the retail and embedded network environments against non-competitive pricing.

Once again, we thank you for the opportunity to provide this submission and we look forward to a resolution that will be reasonable and fair to all involved parties.

Kind Regards,

ENSA Pty Ltd

