

Anonymous response to the Maximum prices for embedded networks  
and other exempt sellers  
29 April 2020

*Draft Decision The Australian Energy Market Commission found many embedded network customers are not sharing in the cost savings experienced by many exempt sellers, often paying more than they would in a competitive market.*

1. Firstly there should be a statement stating that being an embedded electricity supplier is a convenience, not a means of financial support for the owner.
2. After reading the draft I have come to the conclusion that this paper is not adequately addressing what I see as the major issue of price gouging. That being service charges.

As I pointed out in my first submission that, in the village that I reside, the owner is charging each unit the full service charge that a residential property would pay, and with 230 units in the property gives the owner a substantial profit for the supply of electricity.

It would seem that it is being overlooked that the owner is already being compensated for the initial cost and ongoing maintenance costs through the site fees. As in my instance that I own the house but rent the property. The contract states that all maintenance outside the home/unit is covered by the site fees.

So the argument of the owner having extra consideration should not apply.

To make it fair on both the supplier and customer the wording should be along the lines that the supplier must only charge the service charge equivalent to the amount that the supplier is charged by the retail supplier divided by the number of houses/ units in the complex. All other costs are recouped by the site fees.

*Under clause 10 of the exemption order it is a condition of a retail licence exemption that the prices or range of prices at which electricity may be sold by an exempt seller must not exceed the relevant maximum price formulated by the commission. Similarly, clause 18 provides for a maximum price for multiple activity exemptions which cover activities such as solar lease arrangements or community energy projects, for example.*

3. This statement in itself allows the supplier to charge a service charge to each house\ Unit in the complex.

In other words the customer can be charged twice for the service charge. Once in the site fee which is hidden, and the second in the service fee itself.

## Solar Panels.

### *Sellers with multiple activity exemptions*

*The exemption order allows us to formulate a maximum price that sellers with multiple activity exemptions may charge for electricity. Our draft decision is to maintain the existing cap for this category of exemption because of the more competitive nature of the service and the customer access to other price protections provided by a licensed retailer.*

*The nature of activities provided by exempt multiple activity providers are different to embedded networks, because they supply to a customer behind that customer's on-market meter – that is the activities are likely to be competitive.<sup>31</sup> Customers engaging with exempt multiple activity providers are likely to be seeking to satisfy bespoke preferences for electricity.<sup>32</sup> As a condition of their exemption these customers should have access to supply from a licensed retailer (to meet needs when their own electricity generation is not enough) and therefore should also be able to access the VDO.*

*Examples of multiple activity exemptions include a community energy project where a community initiates, develops, operates and benefits from a renewable energy resource or, a solar power purchase agreement under which a business installs and operates a solar panel system and a customer purchases electricity at an agreed price and for an agreed period.*

The paper should make it clear that it is the customers right to have a licensed retailer, of the customers choice, install the solar system.

The owner cannot dictate who the supplier should be. Otherwise it would decrease the chances of a competitive quote.

This being the case, the customer would only then be charged for any additional usage from the embedded system plus a service charge as defined earlier.

At present the owners are dictating who the supplier should be and the terms and conditions of the installation.

The quotes that we have received are a long way from being competitive.

Any additional infrastructure costs should be at the owners expense.

4. The paper should also include a statement whereby the owner must notify in writing to all customers, as to what category their site falls within regarding charges of electricity and service charges.

Also provide a simplified version of this paper, containing the owners obligations to supply electricity with an embedded system.