



31 January 2020

Consumer Strategy and Innovation
Department of Natural Resources, Mines and Energy
PO Box 15456
City East Qld 4002

Email: [REDACTED]

Dear Sir/Madam,

RE: Regulatory Impact Statement – Embedded Networks

WINconnect Pty Ltd (WINconnect) welcomes the opportunity to provide feedback to the Department of Natural Resources, Mines and Energy regarding the Regulatory Impact Statement (RIS) for dispute resolution for residential embedded network customers.

WINconnect is a privately-owned company specialising in the establishment and operation of private embedded networks for electricity. Operating since 2005, WINconnect now provides a full portfolio of utility services to over 500 embedded network sites across Victoria, NSW, Queensland, South Australia and Western Australia. Our clients include large funds and property trusts who own shopping centres as well as property developers, body corporates and retirement village operators.

WINconnect also holds electricity retail authorisations in Victoria and under the National Energy Customer Framework (NECF), a NECF retail gas authorisation and are an accredited Embedded Network Manager (ENM). We have market participant status with AEMO and the ASX and we hold an Australian Financial Securities Licence.

WINconnect agrees with all six of the policy objectives set out in the RIS. Customers within embedded networks should have the same consumer protections as those who are directly connected to the grid.

We note that 'exempt seller' is the term used throughout the RIS but there is little discussion regarding exempt network operators, other than mentioning that the AER Network Service Provider Registration Guideline (Network Guideline) has similar class types and conditions on exemption as the AER (Retail) Exempt Selling Guideline. It appears that the term 'exempt seller' is being used synonymously with exempt network operator as if they were the same entity. This is not always the case. Particularly given the Network Guideline requires multiple parties to register as an exempt network operator for a site.

There is also the emergence of an embedded network model whereby an authorised retailer is the customer at the parent connection point and on-sells to embedded network consumers off-market. The authorised retailer would already be a member of the EWO scheme but there will be other entities involved in owning, operating and controlling the exempt network, therefore requiring multiple entities to hold network exemptions for the site (but not a retail exemption).

WINconnect would appreciate clarity with respect to the definition of 'exempt seller' and whether an exempt network operator, who is not also the on-seller within the embedded network (exempt or authorised), is required to join the scheme.

Questions

1. What type of energy disputes are likely to arise between 'exempt sellers' and their customers?
2. What dispute resolution mechanisms do embedded network customers currently use in order to have their energy disputes settled? Are customers aware of and successfully using existing mechanisms? Are there any issues with the current mechanisms?

In each of the jurisdictions that WINconnect operates we have found that the types of disputes that embedded network customers raise are akin to disputes raised by grid-connected retail customers. That is, most disputes are in relation to billing (e.g. timeliness, high bills etc) and customer service (e.g. provision of information, quality of service). Embedded network-specific disputes do arise, such as difficulty in obtaining a market offer from an on-market retailer and double-billing of network charges, but these are not the predominant type.

Where WINconnect has not been able to reach a satisfactory resolution with a customer we advise them of their right to escalate their dispute with another authority such as the Queensland Civil and Administrative Tribunal (QCAT). To date we have not received a complaint through QCAT or a similar Queensland body. Sometimes a customer will inform us that they will take their complaint to the Energy and Water Ombudsman (EWO) which indicates that some customers are aware of the scheme but are unaware that exempt entities are currently unable to be scheme participants.

The other avenue is via the owner of the embedded network, on whose behalf WINconnect has been engaged as an agent to provide embedded network management services. The issue with this mechanism is that not all embedded networks employ an agent to provide services nor is the process independent or consistent as it relies on the relationship between the customer and the owner.

WINconnect believes that the most appropriate mechanism for dispute resolution for small exempt customers is the EWO scheme.

3. Are there any other stakeholder groups that the department should consider, and consult with, when assessing potential options for embedded network customers?

It appears that the relevant stakeholder groups have been consulted with.

4. Is the predicted number of complaints reasonable based on the information available?

In WINconnect's internal record of complaints between November 2018 to November 2019, less than 0.1% of our electricity exempt customers in Queensland raised a complaint that was not resolved on a first-call basis. This customer base predominantly consisted of residents within apartment buildings and a smaller number of retirement villages and shopping centres. Based on this and our experience in other jurisdictions, the lower range of predicted number of complaints is reasonable.

5. Do you agree with the proposal for all residential 'exempt sellers' to be automatically deemed to be Energy Ombudsman scheme participants?

In the interest of ensuring that consumers receive access to improved consumer protections at the earliest, WINconnect agrees with the proposal to deem all exempt sellers as scheme participants. Consideration should be given to how case management may be facilitated via an embedded network agent, such as WINconnect, on behalf of the exempt entity. Our involvement with the ombudsman schemes in Victoria, NSW and SA has allowed the exempt entity to appoint an agent as their authorised representative via a deed. A similar process could be established in Queensland either proactively or reactively.

6. Do you agree with the proposal not to require 'exempt sellers' to pay an annual participation (membership) fee? If not, please explain why.

WINconnect agrees with the proposal not to require exempt sellers to pay an annual participation fee, in so far as the scheme is only looking to provide dispute resolution services to residential embedded network customers.

7. Do you agree that the proposed fees for 'exempt sellers' under Option 3 are fair and reasonable, and proportionate to the seriousness of the issue or complaint that an 'exempt seller's' customer may have? If not, please explain why.

WINconnect agrees with Option 3 for the proposed fees.

8. Are there any other user-pays fee options the department should consider?

No further suggestions.

9. Do you see any issues with delaying the implementation of the user-pays fee scheme for at least 12 months in order to gather data to increase awareness and understanding of the Energy Ombudsman services before fees are payable?

WINconnect supports an implementation process that minimises the financial burden on exempt sellers and therefore on embedded network customers. Whilst exempt sellers would be aware of the requirement to join an ombudsman scheme, the timeline and details for exempt sellers to be able to become scheme participants has been unknown. A clear implementation timeline and outline of costs will assist exempt sellers to assess their ability to meet costs and membership requirements and act appropriately. Delaying fees for at least 12 months seems a reasonable timeframe to achieve this.

Overall, WINconnect supports the policy objectives and recommended options within the RIS. The result of these changes will benefit customers and industry participants by elevating awareness of embedded networks and by requiring all exempt sellers to meet consumer expectations.

Should you have any questions in relation to this feedback please do not hesitate to contact me on [REDACTED].

Yours sincerely,

Shannon McAllister
Regulatory Compliance Manager
WINconnect Pty Ltd