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# VCOSS submission on the Draft Recommendations of the Embedded Networks Review

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VCOSS welcomes the opportunity to provide feedback to the Expert Panel on their Draft Recommendations from the current Embedded Networks Review.

VCOSS is the peak body for social and community services in Victoria. VCOSS supports the community services industry, represents the interests and highlights the voices of Victorians experiencing disadvantage and vulnerability in policy debates, and advocates for the development of a sustainable, fair and equitable society.

More than 100,000 people in Victoria live in caravan parks, rooming houses, retirement villages and apartment buildings where their electricity is supplied through some form of embedded network.

Throughout this Review, VCOSS' primary focus has been on highlighting the implications of current and future regulatory arrangements for these Victorians. It is imperative that they can exercise their rights as energy consumers unencumbered, and have equitable access

to affordable energy that meets their needs.

## Good processes help get good outcomes

This Review was established to advise the Victorian Government on how it could implement its election commitment to ban embedded networks in new apartment buildings (with appropriate exemptions for certain shared-benefit renewable energy arrangements).

By consulting widely, including through stakeholder "solutions workshops", informal information sessions and an Issues Paper stage, the Expert Panel has been able to develop a comprehensive perspective on how to implement the proposed ban in the most effective and equitable way.

VCOSS notes that the Expert Panel's process has been thorough. Given the time taken, it would be reasonable to shorten some of the proposed transitional timelines, so that new protections are in place sooner. For example, allowing up to three years for legacy networks to apply for a new license

*from once the licensing framework is established* seems overly-cautious, and a case-by-case, 12-24 months timeframe might be a better approach.

## New tools needed for emerging energy realities

Embedded networks are primarily regulated in Victoria through the General Exemption Order (GEO) to the core electricity licensing regime.

This regulatory arrangement arose alongside the legacy physical infrastructure of embedded networks, in which a “parent” meter stands between the grid and individual dwellings’ “child” meters.

The subsequent “licensed or conditionally exempt” approach may once have made sense when embedded networks were genuine exceptions to the main grid. However, it creates significant complexity and inconsistency for consumers, and is ill-suited to the accelerating rate of change in the energy market.

Regulation-by-exemption for embedded networks is no longer fit-for-purpose. As VCOSS argued when the GEO was reviewed in 2015, this approach should be replaced with a more modern, flexible, and scalable licensing system. This would genuinely ensure that consumer rights and interests are at the centre of the regulatory regime.

For these reasons, VCOSS supports the Expert Panel’s recommendations on the development of a new “Local Energy Service” retail energy licensing option.

At the same time, VCOSS also supports the Panel’s concerns (in Recommendation 9) that households in older, legacy networks – particularly those where the “child” meter doesn’t meet contemporary smart technology standards – are not stranded indefinitely (or forced to pay for future metering upgrades).

## Building beyond this review

VCOSS recognises that the Essential Services Commission’s [2020 decision](#) to cap electricity prices in embedded networks to the fair and independently-set Victoria Default Offer has been an important step forward on affordability in these settings.

However, as noted in [VCOSS’ submission at the Issues Paper](#) stage and explored in sub-section 6.1.1 of the Expert Panel’s Draft Recommendations Report, the accessibility and timeliness of relevant concessions is critically important for low-income households.

On both this issue and the related need for a more robust compliance and enforcement regime for embedded networks more generally, VCOSS notes that this Review has established a solid foundation for further work by relevant Victorian agencies.

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