

11 April 2023

Essential Services Commission
Level 8, 570 Bourke Street
MELBOURNE VIC 3000

Submission: Draft Decision Paper - Victorian Default Offer 2023-24

To Whom It May Concern;

Network Energy Services (NES) is responding to the Draft Decision for the Victorian Default Offer 2023-24.

NES is the leading Embedded Network Manager (ENM) and utility services billing service provider for retirement villages and Over 50's land lease residential communities, assisting over 160 communities and in excess of 20,000 elderly consumers across Australia.

The Draft Decision Paper does not specifically address the cost to operate electricity embedded networks, instead focusing on costs of retailers, many who are also generators.

For the communities that our business assists, the Resident's Association or Village is the Exempt Seller. In the case of Resident's Associations, they are representative resident's committees who set rates for the residents within their village, and all the benefits from the operation of the embedded network are returned to the residents either directly via discounts on resident bills or benefits to the village budget.

NES is a service provider who assists Resident's Associations and village operators with the operation of their embedded networks to ensure compliance to relevant embedded network, billing and consumer regulations, however our clients maintain all control in relation to price setting and discounts to their residents as the owner and operator of their embedded network infrastructure.

NES and our clients are extremely supportive of initiatives to protect consumers of embedded networks, and in this case, the setting of benchmark prices by which Exempt Sellers are also required to adhere to.

The price volatility of the past year has been particularly problematic for embedded network operators who have fallen out of contract for electricity. In many cases the costs have increased by 300% to 400% for that re-contracted during the height of the energy market volatility. When evaluating price caps, consideration must be given to embedded network operators who are incurring excessive electricity costs at the parent meter, to ensure that they are not forced into a negative position to the detriment of everyone involved – consumers and operators alike.

Unlike retailers, Exempt Sellers are responsible for maintaining their embedded network electrical infrastructure within each of their communities. As such, due consideration should be given to the maintenance costs of their internal networks when considering benchmark pricing.

Network Energy Services has been assisting community Exempt Sellers for over 20 years, and at this time, we agree that the Victorian Default Offer needs to increase significantly in order to ensure community embedded network operators remain financially viable.

Yours sincerely,

Damian Arsenis
General Manager
Network Energy Services
damian@networkenergy.com.au

"Australia's first accredited Embedded Network Manager"