12 December 2025

Essential Services Commission Victoria

Level 8, 570 Bourke Street

Melbourne VIC 3000

Dear Essential Services Commission,

Victorian Default Offer 2026-27 Review and Free Power Period Proposal

This submission has been prepared on behalf of Ingenia Communities regarding the consultation on the Victorian Default Offer for 2026-27 and the proposed free power period for residential customers. We write to raise significant concerns about the practical implementation of these proposals for embedded networks serving senior living and all-age rental communities.

About Ingenia Communities

Ingenia Communities (ASX: INA) is one of Australia's leading operators of residential land lease communities, holiday parks, and rental accommodation. Our diversified portfolio includes:

• Lifestyle Communities: Seniors Living Residential land lease communities

• Rental Communities: All-age manufactured home rental communities

• Holiday Parks: Premium tourist and short-stay accommodation

• Mixed-Use Communities: Integrated residential, holiday, and lifestyle offerings

Across our national portfolio, we manage over 120 communities serving more than 20,000 customers.

In Victoria specifically, we operate eight lifestyle communities, five all-age rental communities, eight holiday parks & five seniors housing rental villages serving over 2,500 residents. Most of our communities are targeted seniors living communities where 85% of residents are retired, 70% receive full or part age pension, and the average age is 68 years. Most of our Victorian communities operate embedded electricity networks where we purchase electricity and on-supply to residents at prices capped by the VDO.

We take our role as an essential service provider seriously. Our leadership is actively involved in industry regulation - we hold a Board Director position with Caravan and Residential Parks Victoria (CRPVic) and participate on the EWON Advisory Committee.

Metering Upgrade Barriers and Cost Recovery Issues

Although our newer communities and developments are equipped with interval meters that support remote data collection and could facilitate initiatives such as free power periods, a significant proportion of Ingenia's Victorian portfolio—and many other operators' older communities—still rely on basic accumulation meters. These legacy meters only record total electricity consumption and cannot support time-of-use pricing or remote data collection.

To enable free power periods in these older communities, substantial upgrades would be required. This includes the removal of basic meters and installation of interval meters capable of recording consumption in 15 or 30-minute increments.

Across our eight Victorian communities serving 2,500 residents we estimate over half of our homes would require meter upgrades, the capital investment required is estimated:

- Interval meters: $500 each
- Communications infrastructure: $800,000
- Billing system upgrades: $37,500
- Project management and testing: $200,000
- **Total estimated investment required: $3 million**

The problem lies that Ingenia, and other operators have no way to recover these costs. The VDO caps what we can charge residents. We cannot pass through capital costs or charge installation fees. On top of the upfront investment, we estimate that we losing approximately $180,000 annually in revenue from the free power periods themselves, while still paying wholesale electricity costs during those hours.

This creates a negative return on investment that we are being forced to make by regulation. That's approximately $3 million we can no longer invest in community amenities, facility upgrades, or infrastructure improvements that would actually benefit our residents.

If it were to proceed, we also need to be realistic about timing. The rollout would require procurement (minimum 6 months), coordinating installation across more than 600 homes while residents are living in them (24-36 months), system integration and testing (approx. 4 months), and staff training (approx. 2 months). We're looking at a minimum 36-month implementation period.

Solar Access Disparities: Infrastructure Challenges Across Communities

There's a significant inequity issue that the ESC needs to understand. Our portfolio includes communities built across different decades, and the ability of residents to install solar and benefit from free power periods varies dramatically based on when their community was built.

In our newer community, we have modern electrical infrastructure, solar-ready roofs and electrical panels, and site agreements that facilitate solar installation.

In our older communities (built pre-2010), the situation is completely different. Many homes have 40–60-amp electrical panels that are at capacity and would need expensive upgrades before solar could be installed. Site agreements historically prohibited structural modifications.

Operational Complexity: Limitations of Embedded Network Management

Each of our communities has one community manager and one or two support staff. These team members handle everything - sales, resident relations, maintenance coordination, amenity management, compliance, and embedded network operations. Currently, managing the embedded network takes about 10-15% of the manager's time.

With interval metering and time-of-use billing, we estimate this would increase to 40-60% of their time. They would be validating millions of data points annually across our portfolio, managing complex billing calculations, explaining confusing bills to elderly residents, resolving disputes about interval data accuracy, handling meter faults, and managing regulatory compliance reporting.

We do not have the infrastructure that major retailers have. We do not have 24/7 customer service centres. We do not have dedicated billing platforms - we use our property management system. We do not have energy trading desks or in-house legal teams specialising in energy regulation.

Our community managers are already stretched managing all aspects of community operations. Adding retailer-level energy management complexity would either mean hiring additional staff (costs we cannot recover under VDO caps) or reducing the quality of other essential services to residents.

Resident Experience: Risks of Increased Billing Complexity

Our residents are comfortable with flat-rate electricity billing. They receive predictable bills and understand what they are paying. Moving to time-of-use pricing means they would need to understand multi-rate tariff structures, interpret interval data, manage household routines around pricing signals, and comprehend why their bills vary significantly month-to-month.

There's also a real risk of bill shock. Residents accustomed to predictable bills would suddenly see significant variations based on weather (running air conditioning during peak periods on hot days), health events (increased electricity use during illness), or having visitors. For pension-dependent residents, this financial uncertainty creates stress and anxiety.

We estimate the average savings would be $50-150 annually. That's $1-3 per week. Is that worth the cognitive burden, the bill uncertainty, and the lifestyle constraints being imposed on vulnerable elderly residents.

Many of our residents also have medical equipment that operates on medical necessity, not price signals. Oxygen concentrators, CPAP machines, dialysis equipment - these run when they need to run. Residents cannot defer medical treatments to cheaper electricity periods.

VDO Certainty: Business Planning and Implementation Timelines

The VDO provides essential certainty for our business planning. We budget embedded network operations 12-18 months in advance, and VDO stability enables accurate forecasting. When the methodology changes significantly, it creates uncertainty that we have to price in as risk premium in our wholesale procurement.

The current consultation timeline concerns us. Draft decision in March 2026, final VDO in May 2026, and implementation in July 2026 means we only have two months between knowing the final price and needing to implement it. That's not enough time for wholesale contract renegotiation, billing system updates, resident communications, and budget revisions.

We would appreciate earlier visibility - publishing indicative draft rates in January or February would give us time to plan proactively rather than react at the last minute.

We also need clearer guidance on how the VDO methodology applies to embedded networks specifically.

Policy Recommendations and Requests to ESC

While Ingenia Communities strongly supports initiatives that lower residents' cost of living, it is important to recognise that implementing these policies through operators—without dedicated funding—risks increasing our operating costs. Under current VDO caps, these costs cannot be directly recovered, but may ultimately be reflected in higher rents, incoming purchase prices, or reduced investment in community amenities. This could inadvertently undermine the policy's intent to support vulnerable residents.

We are not opposed to innovative energy policy; in fact we advocate for our residents and other residents on embedded networks to have access to cheaper power and access to initiatives and grants to lower their cost of living. We understand the objectives around load shifting and network efficiency. What we are asking is that the ESC recognise that embedded networks serving senior living communities operate under fundamentally different circumstances than retail markets serving working households.

Specifically, we are requesting:

- Exemption from mandatory free power periods for communities This exemption would apply to our entire Victorian portfolio of seniors living and all age rental communities where the policy simply cannot achieve its intended demand management objectives.
- Alternatively, Government should offer a grant or rebate to embedded network customers in the way of a 'Solar Share Rebate' or similar.
- Exemption for embedded network operators from mandatory time-of-use pricing, or alternatively, the adoption of a model that acknowledges grandfather rights—so older communities and infrastructure are exempt from this pricing structure.
- If free power periods do proceed for embedded networks: provide capital funding for metering upgrades, establish a clear cost recovery pathway within the VDO framework, and allow a realistic minimum 36-month implementation timeline.
- Address solar infrastructure inequality between older and newer communities through capital funding for electrical infrastructure upgrades or provide alternative mechanisms like community batteries or flat rebates that deliver equivalent benefits to residents who cannot install solar.
- Publish indicative VDO rates earlier (January-February) to enable proactive planning and provide embedded network-specific guidance on how the methodology applies to our operating model.

Closing Comments

We support the ESC's goals of fair electricity pricing and efficient energy system outcomes. Our concern is that applying retail market mechanisms to embedded networks serving senior living communities creates complexity without achieving the intended benefits.

What we would be left with are considerable unrecoverable capital costs, significant ongoing administrative burden, inequality between residents in older versus newer communities, and complexity imposed on vulnerable elderly residents for minimal benefit - typically $50-150 annually, or about $1-3 per week.

We appreciate the ESC's consideration of these concerns and welcome the opportunity for ongoing engagement. We can provide consumption data from our communities, further operational details, or any additional information that would assist the Commission in understanding how these proposals would work in practice for embedded networks serving senior residents.

Please feel free to contact me should you wish to clarify any matters raised in this submission. We would welcome the opportunity to take you through some of our communities.

Yours sincerely,

[redacted]

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