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Industry Regulation and Safety
Energy Policy WA

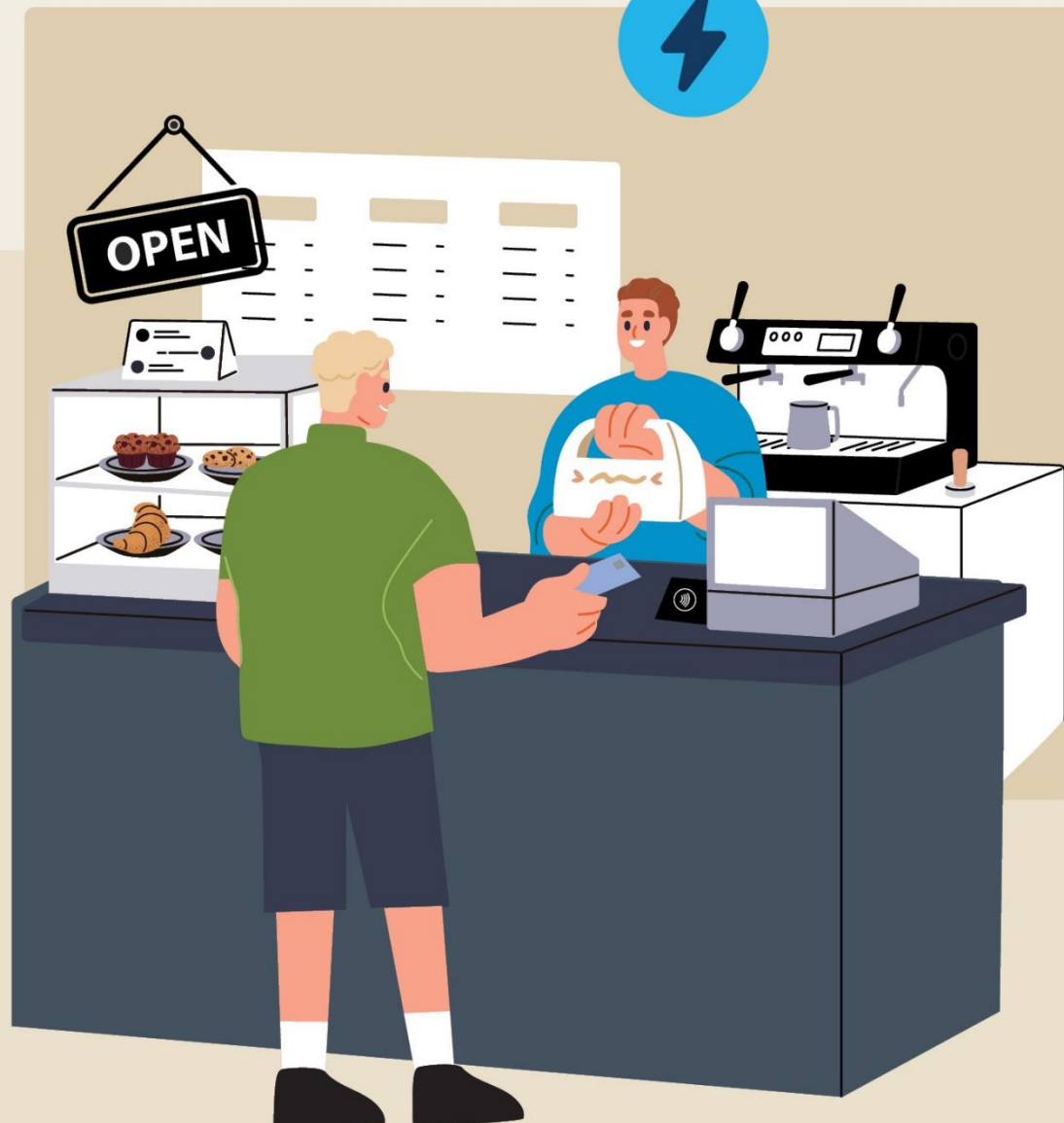
SHARING THE POWER



Decision Paper

Voluntary Embedded Networks
Code of Practice

FEBRUARY 2024





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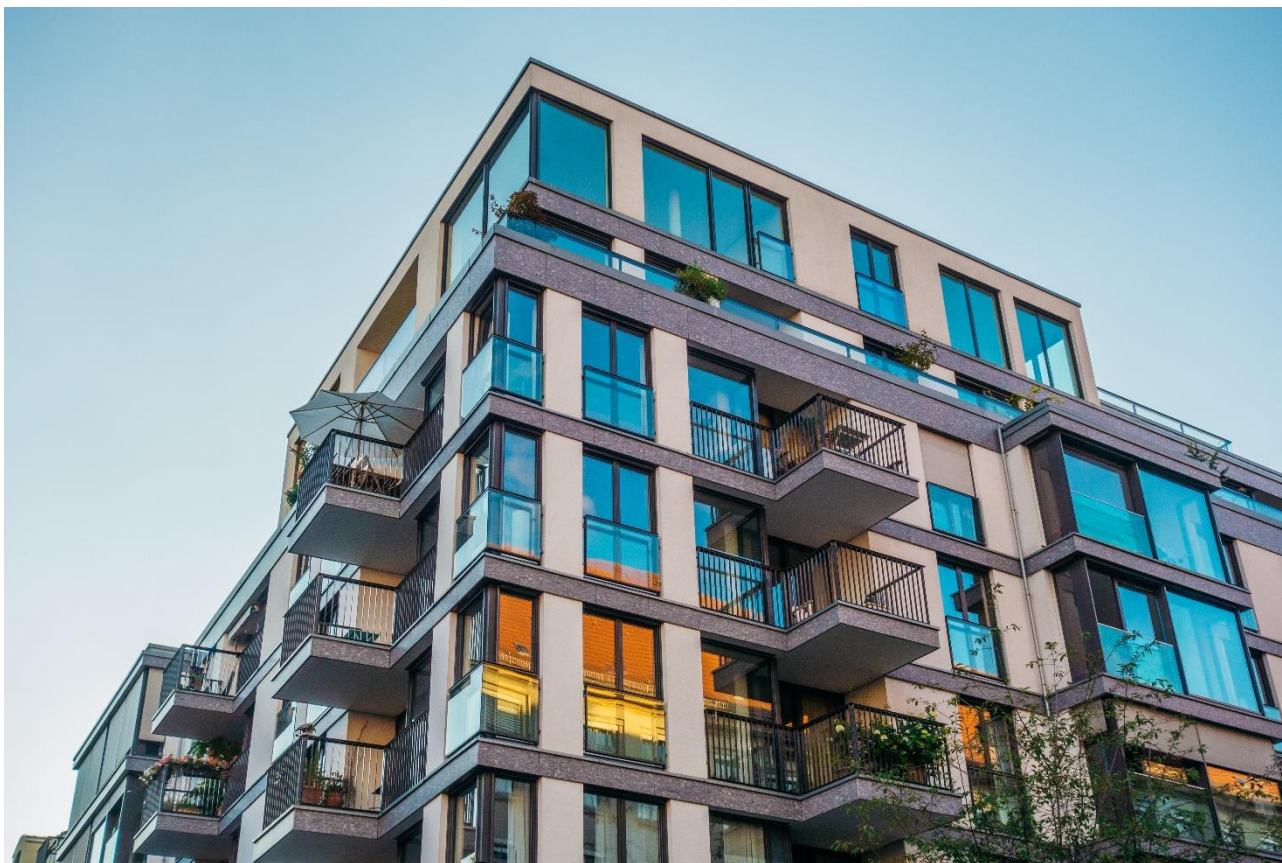
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Glossary

Term	Definition
the Act	<i>Electricity Industry Act 2004.</i>
AES	Alternative electricity service, which is an electricity service that has been prescribed by regulations to be an AES.
AES Bill	Electricity Industry (Alternative Electricity Services) Amendment Bill 2023.
AES Code	A proposed code of practice for the supply of electricity to Customers that registered providers of alternative electricity services will need to comply with.
AES registration framework	The proposed registration framework for alternative electricity services in Western Australia. The framework will be established under the Electricity Amendment (Alternative Electricity Services) Bill 2023 that was introduced into Parliament in August 2023.
Business Tariff	The “Tariff L1” as described in the Energy Operators (Electricity Generation and Retail Corporation) (Charges) By-laws 2006 (WA) or “Tariff L2” as described in the Energy Operators (Regional Power Corporation) (Charges) By-laws 2006 (WA), as applicable, and which amounts are inclusive of GST.
Covered Network	Has the meaning in section 3 of the <i>Electricity Industry Act 2004</i> (WA).
Customer	A person who: (a) is sold Electricity, by an ENS for the purpose of consumption; or (b) is entitled to be sold Electricity, or may be entitled to be sold Electricity, by an ENS for the purpose of consumption, at a Supply Address and who consumes not more than 160MWh of Electricity in any 12 month period.
DEMIRS	Department of Energy, Mines, Industry, Regulation and Safety
DER or Distributed Energy Resources	Small scale devices that either use, generate or store electricity installed at a Property, including but not limited to solar photovoltaic panels, batteries and electric vehicle chargers.
DER Bill	Electricity Industry (Distributed Energy Resources) Amendment Bill 2023
Disclosure Statement	The disclosure document referred to in clause 4.1 of the VEN Code and attached at Annexure A.
Distribution System	Means Electricity infrastructure used, or to be used, for, or in connection with, or to control, the transportation of Electricity at nominal voltages that are less than the prescribed voltage. <i>Note – the prescribed voltage is currently set at 66kV.</i>
Electricity	Includes electrical energy of any kind however produced, stored, transported or consumed.



Term	Definition
Eligible Customer	A Customer who consumes or could reasonably be expected to consume an amount that is more than 50MWh in any 12 month period.
Embedded Network	A Distribution System that: (a) is located on a Property; and (b) supplies Electricity to at least one Customer who is not a person in control of the Distribution System, or related to a person in control of the Distribution System; and (c) is supplied with Electricity by another Distribution System operated by another person; and is not part of a Covered Network.
ENS or embedded network seller	The Embedded Network Seller as defined in clause 2.2 of the VEN Code.
ERA	Economic Regulation Authority
EV	Electric vehicle
Exemption Order	<u>Electricity Industry Exemption Order 2005</u>
Property	A parcel of land and includes: (a) a part of a parcel of land; and (b) 2 or more parcels of land with common boundaries that are constituted, owned or occupied as 1 property.
PV	Photovoltaic
Supply Address	The premises within an Embedded Network to which Electricity was, is or may be, supplied to a Customer by an ENS.
VEN Code	Voluntary Embedded Networks Code of Practice





Executive summary

Energy Policy WA is developing a framework to apply customer protection obligations on persons offering electricity services through new and emerging business models that fall outside the licensing framework, or for which the licensing framework is not fit for purpose. This framework is called the Alternative Electricity Services (AES) registration framework.

In anticipation of embedded networks potentially being covered by the AES registration framework, and following publication and stakeholder feedback on a consultation draft Voluntary Embedded Networks Code of Practice (VEN Code) in May 2023, Energy Policy WA has prepared a final VEN Code. The VEN Code will be operational on a voluntary basis for an initial period of around 6 months, with possible extension, coordinated by Energy Policy WA. Interested embedded network sellers (ENS) may register to participate in the voluntary period through the Energy Policy WA website.

The VEN Code will be used as the basis for developing obligations on ENS in the mandatory AES Code (should embedded networks be prescribed as an AES under the forthcoming AES framework). Information and feedback from the operation of the VEN Code will be used to refine those obligations on ENS before they become mandatory.

As the VEN Code is intended to inform policy development; **it will not be legally binding on participants**. It will also not authorise entities to undertake on-selling in embedded networks and from a regulatory perspective they will continue to operate under the existing licence exemption while the VEN Code is in effect.

Feedback on the draft VEN Code

This paper summarises the key feedback received on the draft VEN Code and sets out where this feedback has resulted in changes to the final VEN Code.

There was general support from stakeholders for the application of a “learn by doing” approach through the voluntary period, as well as for the policy objective of providing similar customer protections to customers supplied via an embedded network as for customers connected to the main electricity grid. Other feedback fell into the following main themes:

- General feedback on the scope of the draft VEN Code and the evidence for change to the status quo.
- Experiences of poor customer outcomes in embedded networks.
- Comments on the operation of specific provisions of the draft VEN Code, in particular:
 - the feasibility of facilitating access to a separate master meter for non-residential customers consuming more than 50 MWh of electricity in a 12 month period (Eligible Customers);
 - the need for and timing of information disclosure to customers;
 - the suitability of price regulation settings for non-residential customers; and
 - ensuring the language used to refer to carbon offsets is future-proofed.
- Issues not provided for in the draft VEN Code, specifically:
 - nested on-selling, where a landlord who does not operate the embedded network on-sells to a tenant;
 - electric vehicle (EV) charging in embedded networks;
 - the existence of tiers of independently operated embedded networks; and
 - supporting the commercial feasibility of embedded networks supplied wholly by electricity from renewable sources.
- Issues on which Energy Policy WA asked for stakeholder feedback in the consultation paper:
 - metering issues, including ownership of metering infrastructure;



- transparency on distributed energy resource (DER) assets such as solar, batteries and/or electric vehicle chargers in embedded networks and whether occupants benefit from these; and
- safety issues in embedded networks.

Changes made in the final VEN Code

Following consultation on the draft VEN Code, the following changes were made to the VEN Code:

- adjustments to definitions, in particular to address tiers of independently operated embedded networks;
- clarifying that an ENS is not required if there is on-supply but not on-sale of electricity (for instance, in short term accommodation);
- clarifying that an ENS is responsible for the actions of third parties it engages to act on its behalf;
- providing more detail on the obligation for an ENS to facilitate Eligible Customers obtaining a supply of electricity through a separate master meter, including clarification of the application process;
- tightening up the obligation to provide a disclosure statement, including requiring the disclosure statement to be complete;
- clarifying that an ENS and customer can negotiate a different tariff structure at any time, not just at the commencement of the supply agreement;
- inserting a new clause for electric vehicle charging in embedded networks through a separate meter;
- allowing additional cost pass through for embedded networks wholly supplied with electricity from renewable sources, along with additional disclosure of information to customers; and
- augmenting the information to be provided in the disclosure statement in relation to DER, and preventing an ENS from recovering costs from, or placing maintenance or insurance requirements on, customers in relation to DER assets that they do not personally own and from which they receive no financial benefit.

In addition, minor amendments were made, including for readability and clarity and to address minor errors.





1. Background

Through 2022 Energy Policy WA engaged in one-on-one stakeholder consultation to build an understanding of the embedded networks sector in Western Australia. In November 2022 Energy Policy WA released a survey of embedded network operators, customers and industry participants which received a significant response from the residential sector.

The results of this consultation strongly indicate reform to the current regulatory settings for electricity supply in embedded networks is justified and that customers supplied in this manner should be entitled to similar customer protections as those supplied by licensed retailers.

Based on this stakeholder engagement including the survey, Energy Policy WA prepared and released a draft Voluntary Embedded Networks Code of Practice (VEN Code) and consultation paper in May 2023 for stakeholder feedback. As part of this consultation Energy Policy WA held an online forum to assist stakeholders in preparing submissions.

Energy Policy WA has considered submissions in response to this consultation period and finalised the VEN Code ahead of commencement of the voluntary period.

1.1 Purpose of paper

This paper accompanies the final VEN Code. It highlights the key stakeholder feedback received during the consultation period in May and June 2023. It communicates the changes to VEN Code from the consultation draft and outlines how stakeholders can engage in the voluntary period. The final VEN Code has been published and is included as Appendix A to this paper. A list of stakeholders who made submissions is included as Appendix B.

1.2 Voluntary period

With the publication of the final VEN Code, Energy Policy WA has opened the voluntary period. ENS may choose to participate in complying with some or all code obligations. Participants will be invited to attend at least two feedback sessions and are also welcome to provide written or verbal feedback to Energy Policy WA at any time during the voluntary period.

The voluntary period is intended to function as a “learn by doing” period. During this time, Energy Policy WA intends to use stakeholder feedback to assess whether the obligations are satisfactory and meet the desired policy outcomes.

The key milestones of the voluntary period are outlined below.

Information on voluntary period	
Registrations open	On date of publishing of Decision Paper and VEN Code, Thursday 22 February 2024
Online forum	Tuesday 5 March 2024 at 1pm (WST)
Voluntary period	Thursday 22 February 2024 until late September 2024
Feedback opportunities	<p>Minimum of two feedback sessions to be held with registered VEN Code participants and industry/consumer groups (by invitation), with a call for agenda items prior to each session.</p> <p>Opportunity for customers of VEN Code participants to provide feedback (format to be determined).</p> <p>Written or verbal feedback from participants welcome between feedback sessions.</p>





Information on voluntary period

Outcomes of voluntary period	<p>Learnings used to inform final AES Code obligations, if embedded network services are prescribed as an AES.</p> <p>Public information session on final AES Code obligations.</p> <p>Potential for the VEN Code to remain operational until the AES Code commences, subject to stakeholder feedback.</p>
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The voluntary period will operate concurrently with the implementation of the AES registration framework. As at the date of this Decision Paper the Electricity Industry Amendment (Alternative Electricity Services) Bill 2023 (AES Bill), which establishes the framework, has passed through the Legislative Assembly of Parliament.

It should be noted that during the voluntary period:

- there will be no monitoring or enforcement of compliance by the ERA; and
- customers will not have access to the Energy and Water Ombudsman.

These obligations will be addressed under the mandatory AES Code (should the sale and supply of electricity in embedded networks be prescribed by regulation as an AES).

Stakeholders have an additional opportunity to provide feedback through the Consultation Regulatory Impact Statement (CRIS) for regulating embedded networks, published at the same time as this Decision Paper.

Indicative timeline for implementing AES framework

AES Bill	Passage in first half of 2024, subject to Parliamentary priorities
Release of CRIS on prescription of embedded networks as an AES	22 February 2024 – stakeholder consultation period of 8 weeks closing Friday 19 April 2024 Have your say on the regulation of embedded networks (www.wa.gov.au)
Regulations to prescribe embedded networks as an AES	Expected to be made in late 2024 or early 2025

1.3 How to register to participate

Stakeholders who meet the definition of an ENS in the VEN Code are invited to register to participate in the voluntary period through the Energy Policy WA website:

[Get involved in the Voluntary Embedded Networks Code of Practice \(www.wa.gov.au\)](http://www.wa.gov.au)





2. Stakeholder feedback on draft VEN Code

2.1 Public consultation process

Energy Policy WA thanks all stakeholders who provided input as part of the draft VEN Code consultation process.

In addition to the release of a consultation paper and the draft VEN Code, an online forum was held in May 2023 to help inform stakeholder submissions. The public forum was attended by 90 stakeholders.

Written submissions were provided by 31 stakeholders, including operators of embedded networks, service providers in the embedded networks sector, customers in embedded networks and Government agencies, licensed retailers, government trading enterprises and relevant industry bodies. Non-confidential submissions received from stakeholders are available to review on the Energy Policy WA website and a list of these stakeholders is attached at Appendix B. Energy Policy WA received six submissions with a request for confidentiality.

Generally, stakeholder feedback supported the obligations proposed in the draft VEN Code and the proposed voluntary, learn by doing approach, ahead of the potential introduction of a mandatory AES Code.

As well as feedback on the draft VEN Code obligations, stakeholder submissions also included feedback in response to questions asked by Energy Policy WA in the consultation paper on issues for further consideration that were not covered by the draft VEN Code. These issues related to metering standards, safety issues and access to DER assets in embedded networks.

A brief summary of the feedback and Energy Policy WA's response is provided below at section 2.3. The issues have been grouped into several key themes: general support for or concerns with the proposed VEN Code; poor customer outcomes; issues relating to specific sections of the VEN Code; issues not provided for in the consultation draft; and responses to questions asked in the consultation draft.

Detailed discussion of the final VEN Code is set out at section 3 of this paper.





2.2 Main themes raised in consultation

General

General support for:

- ⚡ the voluntary code proposal
- ⚡ a “learn by doing” period
- ⚡ policy objective of providing similar customer protections to customers supplied by embedded networks, as for customers connected to the main grid



“the licensing regime is not fit for purpose to be applied to AES providers, however, customers being supplied by AES providers must be afforded at least the same protection as those being supplied by retailers”

Change Energy

“WACOSS welcomes the inclusion of provisions in the Code of Practice to assist customers that are experiencing financial hardship so that they can maintain their connection to electricity services, as well as the inclusion of appropriate protections for those consumers who are victim survivors of family and domestic violence.”

WACOSS

Some concerns regarding:

- ⚡ additional regulatory burden
- ⚡ effectiveness of a voluntary code
- ⚡ scope too limited to assist large use customers with excessive pricing
- ⚡ whether there is a sufficient evidence base to justify obligations
- ⚡ extent of consultation to date



“It imposes a raft of new admin and legal requirements on Strata Companies, which are all run by unpaid volunteers (with extremely poor support from Strata Managers)...This is a totally unnecessary burden.”

Owner-occupier in strata

“Our experience is that voluntary codes do not work. Regulation is needed. So we would be supportive of putting many of the aspects of the Voluntary Code into the mandatory AES code under the AES framework as soon as possible.”

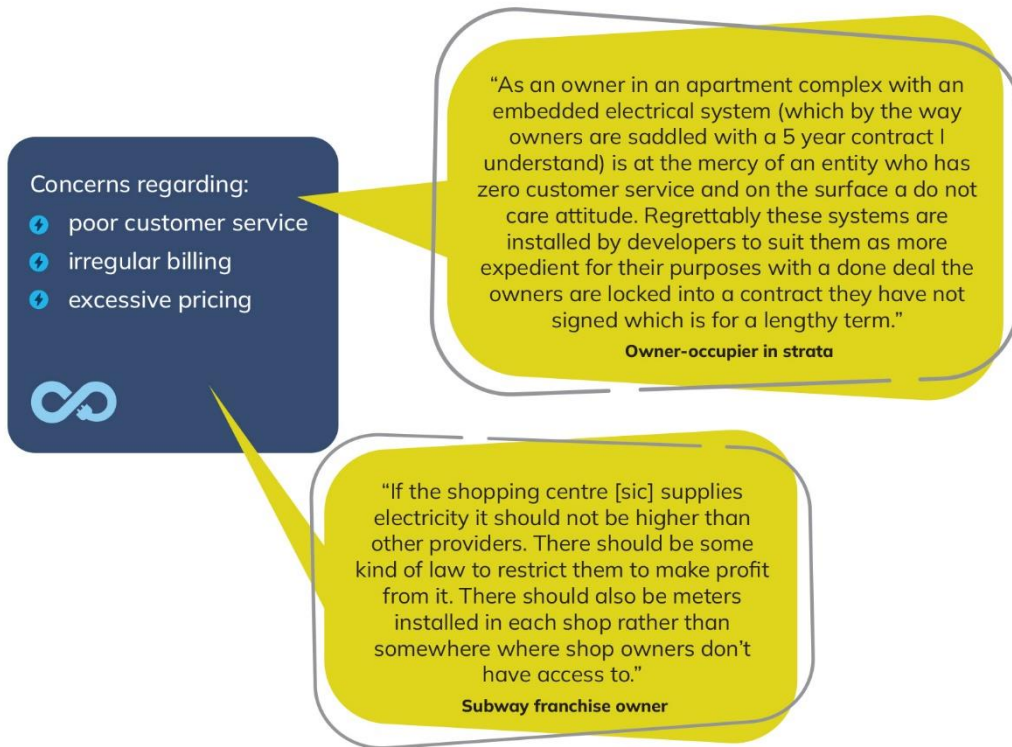
WA Retirement Villages Residents Association

“We have concerns that [the code] will be expensive to implement and be very difficult to comply with.”

Energy-Tec



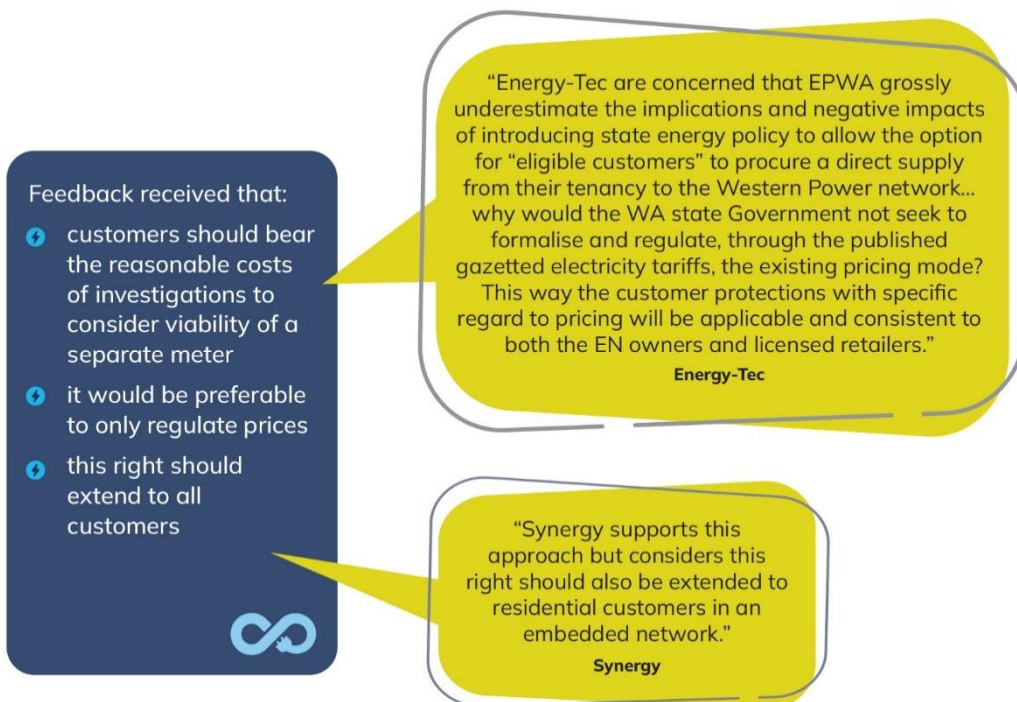
Poor customer outcomes



Stakeholder feedback on the draft VEN Code continues to support the need for reform to the regulation of embedded networks in Western Australia, building on earlier consultation and the embedded networks survey in 2022.

Feedback on specific provisions of the draft VEN Code

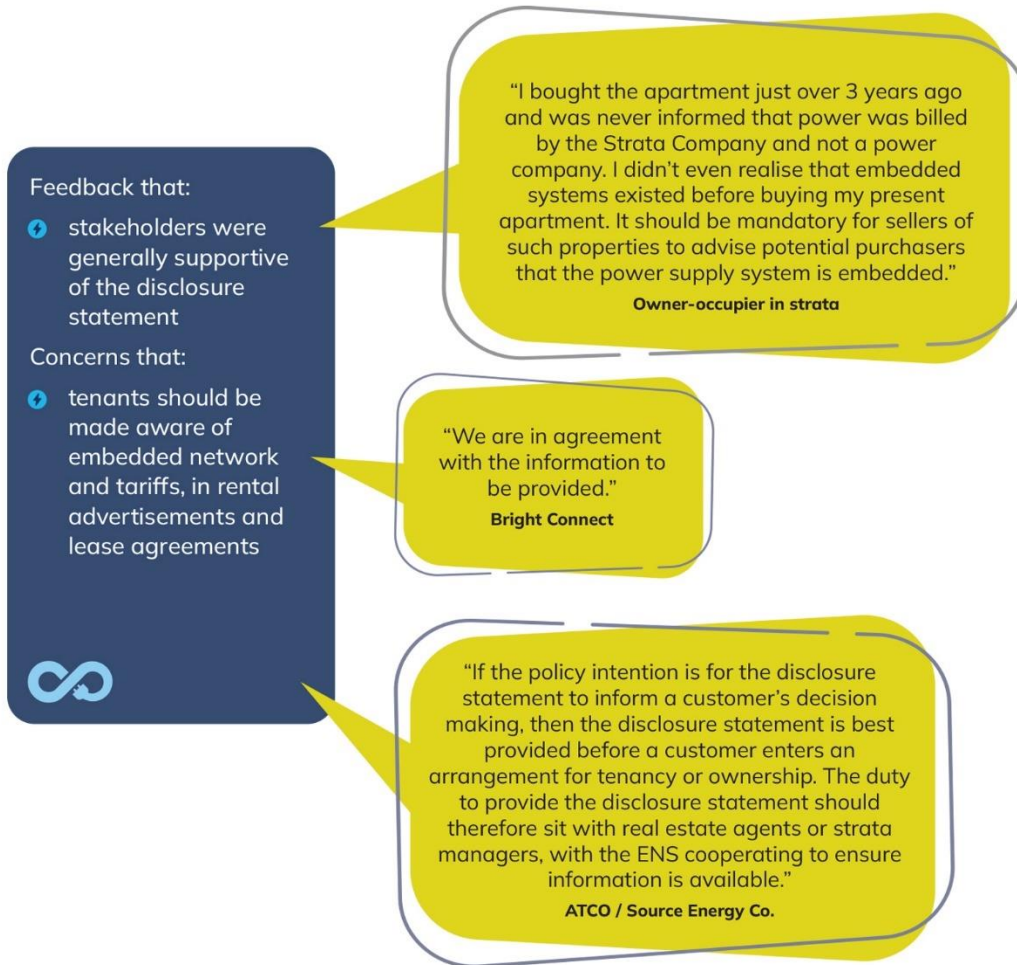
Access to a separate master meter – Clause 3.2 (Alternative Supply)





EPWA has refined clause 3.2 (Alternate Supply) of the VEN Code to provide more clarity on the process involved to obtain a separate master meter and has reflected the suggestion for the reasonable costs of investigations to be borne by the customer. The amendments to clause 3.2 are set out and discussed in section 3 of this paper.

Information provision – Clause 4 and Disclosure Statement



Energy Policy WA has clarified the process for provision of the Disclosure Statement in clause 4 of the VEN Code and expanded the Disclosure Statement to require the ENS to provide additional upfront information to the customer.

The VEN Code can only place obligations on an ENS, not real estate agents or strata managers. Energy Policy WA considers the ENS could coordinate with real estate agents and strata managers on the provision of the Disclosure Statement to prospective buyers and tenants, however, ultimately it is the responsibility of the ENS to ensure it is provided (and is complete), and that the information provided in it is correct and in compliance with the VEN Code. Amendments made to the Disclosure Statement following stakeholder feedback are discussed in more detail in section 3 below.



Price regulation – Clause 7 (Tariffs and Prices)

Very little feedback was received on clause 7 (Price), however, some ENS or EN service provider stakeholders did not consider using the Business Tariff as a reference for the Default Flat Rate Tariff to be appropriate



"It is proposed that the Default Flat Rate Tariff for small use non-residential customers is instead set with regard to the following key principles:

- A baseline price that is cost-reflective of grid-supplied electricity for the vast majority (e.g. 90%) of on-market small use business customers.
- The baseline price moves every 1 July relative to the average expected movements in the underlying cost components of grid-supplied electricity over the forthcoming year."

Empowered

"With regard to pricing regulation, it is inappropriate to have the commercial pricing cap be based on the L1 tariff as many commercial customers would not be eligible for this tariff outside an embedded network and this is a subsidised tariff."

Bright Connect

Notwithstanding stakeholders' comments on the suitability of the Business Tariff as a reference for the Default Flat Rate Tariff, Energy Policy WA did not consider that any alternative suggestions made by stakeholders were appropriate to incorporate in the final VEN Code.

Clause 7 is designed to provide a safety net for customers, while enabling:

- negotiation between the ENS and the customer; and
- flexibility for the ENS and customer to reach mutually agreeable pricing solutions.

An ENS does not have to structure the agreed tariff based on a consumption and a fixed daily supply charge, although this is a feature of the Default Flat Rate Tariff. The agreed tariff can be in any form, as long as the customer has agreed and the ENS has complied with its disclosure obligations under the VEN Code.

The outcome Energy Policy WA is seeking to achieve in this clause and clause 3.2 (Alternative Supply), is to encourage negotiation between the customer and the ENS so they can achieve mutually agreeable outcomes, which may be structured differently to the L1 or L2 or flat tariffs.

For example, an ENS may offer a tariff based on electricity demand, time of use, or fluctuations in wholesale or spot markets; any form of arrangement provided the customer agrees and the variation mechanism and frequency of any changes is disclosed clearly to the customer.

A customer may be willing to take on a certain level of risk if that means better pricing outcomes can be achieved and Energy Policy WA does not want to prevent this. The L1 or L2 offers customers protection of a certain tariff that they may revert to if their circumstances change.

The VEN Code includes the added protection for customers that when charging the L1 or L2 default tariff, or less, (which includes a variable consumption component and a fixed daily supply charge), the fixed component must include all fees and charges in relation to the provision of electricity services other than the charge for metered consumption and certain fees that only apply in limited circumstances. This is to avoid double recovery of cost components and means that an ENS could not separately charge a customer for other cost elements (e.g. demand charges, capacity charges, administrative costs, meter reading) on top of the Default Flat Rate Tariff.



Energy Policy WA acknowledges using the L1 and L2 tariffs is a blunt and imperfect reference, however, in the absence of having visibility into retail market offers in the contestable market¹, it is considered reasonable to use the tariffs as the reference point for the Default Flat Rate Tariff.²

Energy Policy WA will provide guidance materials on clause 7 of the VEN Code and pricing obligations, as well as other topics, under the mandatory AES Code.

Request to offset supply of Electricity - Clause 14

"It would be ideal to have an additional section that allows for alternatives to be considered here. Particularly since renewable technology is fast evolving and offsets may become outdated."

ESM Strata

Clause 14 has been amended, including to be less specific to Large Scale renewable generation certificates. Amendments to clause 14 are discussed in further detail in section 3 below.



- ¹ The National Electricity Market has greater retail market visibility through the requirement on electricity retailers to publish a flat rate market offer for residential customers.
- ² Energy Policy WA notes the December 2023 Draft Report on Embedded Networks by the Independent Pricing and Regulatory Tribunal (NSW) (IPART). IPART considers setting maximum prices by benchmarking them to what on-market customers are paying best protects embedded network customers and meets IPART's draft pricing objectives.



Issues not provided for in draft VEN Code

Nested on-selling

Feedback that:

- ⚡ landlords are on-selling electricity to tenants via lease (both residential and non-residential), meaning no direct relationship between ENS and tenant
- ⚡ nested on-selling can extend to sub-lease and franchise situations



"I am disappointed to see that the proposed code of practice does nothing to address the rights of tenants of the embedded network. If the premises are separately metered I see no reason why it should not be the norm, as it is in regularly-connected residential property, that tenants, not landlords, are the customer of the ENS... it would of course also be necessary that information about the available tariffs for the relevant ENS must be public, and provided as part of the advertisement of the tenancy, and noted in the tenancy agreement."

Tenant in strata

"Synergy considers nested on-selling arrangements is a gap that EPWA needs to address under the AES framework to ensure there is not a growth in this un-regulated method of supplying embedded network customers. Synergy supports EPWA's intention to consult further on this issue and ensure that the customers in this type of arrangement receive the necessary protections contemplated in the VEN Code."

Synergy

Energy Policy WA is working with Consumer Protection (also a part of DEMIRS) to develop a joint policy position so that customer protections can flow through to end-use customers who are tenants in embedded networks. Unfortunately this has not been achieved in time to incorporate provisions (if required) into the VEN Code.

If a joint policy position is achieved and this requires amendment to obligations when the mandatory AES Code is made, stakeholders will be kept informed prior to the AES framework commencing and the AES Code obligations coming into force.





Electric vehicle charging in embedded networks

“The Code should consider the expected growth in Electric Vehicles and the fact that charging infrastructure will be installed within Embedded Networks. Specifically, the fact an EV charger is likely to be needed to be metered separately within an Embedded Network (thus in many cases a customer would be supplied via two connection points which will both have to be metered).”

Bright Connect

Bright Connect also considered:

- there is the potential for EV charging to cause a building to exceed its maximum incoming supply constraints and therefore a right to constrain or limit supply may be necessary; and
- charging at peak periods may make the supply of electricity under a price cap commercially unviable for an ENS and any cap on fixed charges should exclude provision of a second connection and meter.

Energy Policy WA is of the view that obligations on an ENS should be contained in the VEN Code providing for EV charging with policy settings to encourage uptake of separately metered personal charge points, including robust disclosure obligations.

A new clause 7.5 (Electric vehicle charging) has been inserted in the VEN Code. See section 3.2 for more discussion and the new clause 7.5.

Tiers of independent networks can exist within an embedded network

Feedback received that multiple tiers of embedded networks (independently owned or controlled) can occur at a single property, including (but not limited to) community titled properties

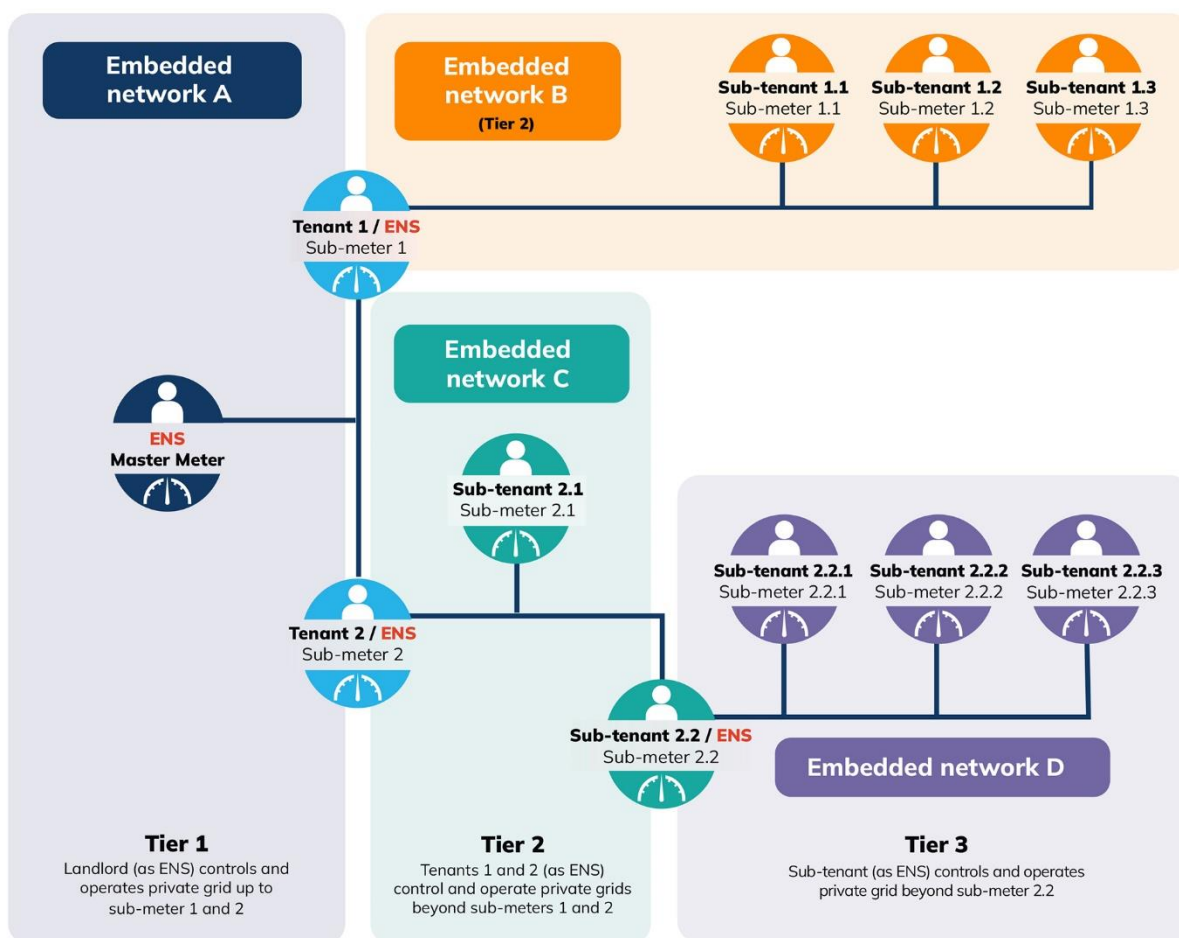


Stakeholder feedback indicated that multiple tiers of embedded networks (independently owned or controlled), can occur at a single property. See Figure 1 below which shows an example of a property with:

- three tiers of embedded networks;
- four independent embedded networks operating; and
- four ENS.



Figure 1: Example of multiple tiers of embedded networks on a property



Multiple embedded networks may exist in each tier and a property may have multiple tiers depending on its size and land use. Landlords, tenants and sub-tenants may also outsource the operation and control of an embedded network to a third party in which case that third party would be the ENS.

This feedback has been incorporated by amendments to the definitions of Embedded Network, Emergency and Grid to allow for tiers of embedded networks. See section 3 below for more discussion on amendments to these definitions.

Embedded networks wholly supplied by electricity from renewable sources

"...an [ENS] may be obliged to supply renewable energy to tenants and lot owners in an embedded network...It is proposed that the Default Flat Rate Tariff may be increased by a "premium" reflective of renewable electricity if:

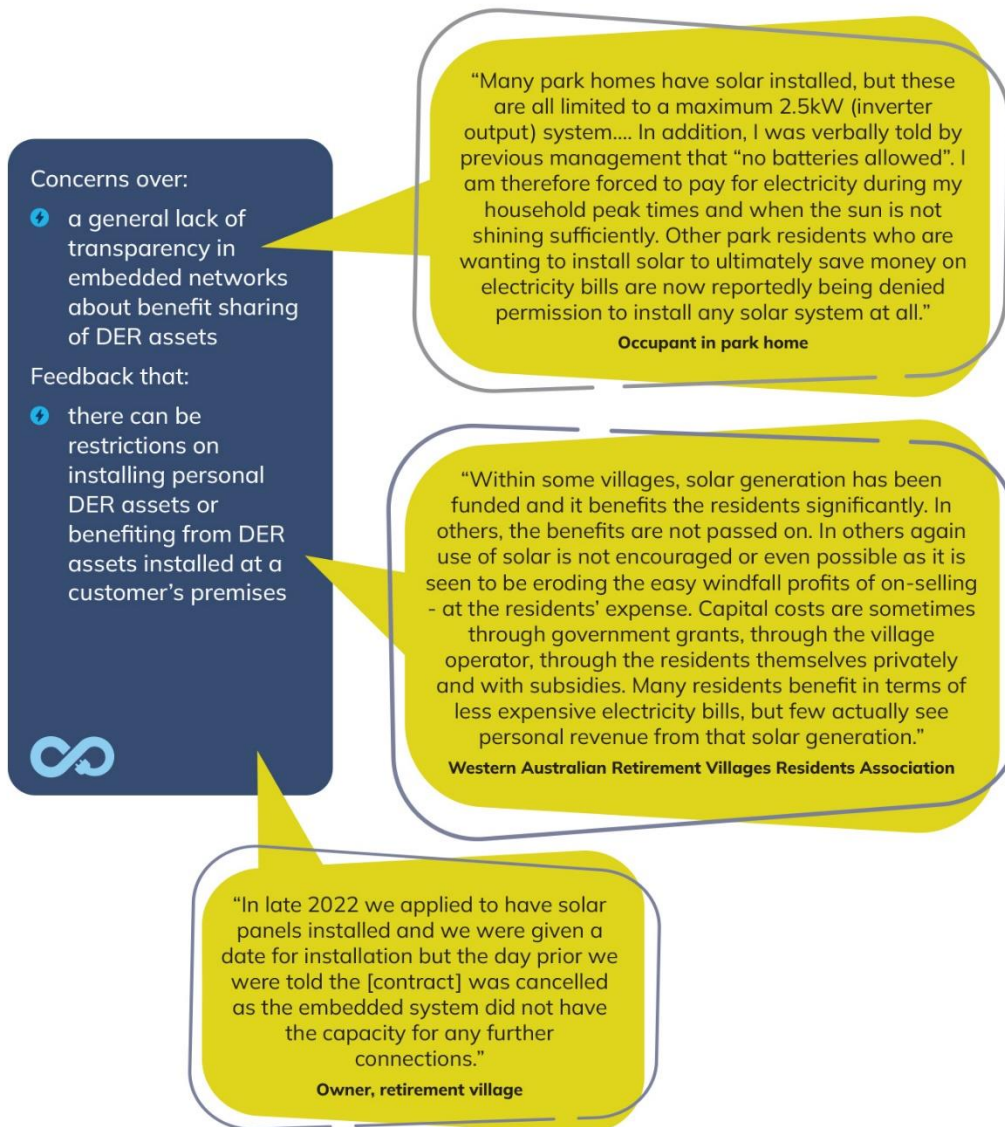
- the ENS is obliged to supply renewable electricity to the site;
- the ENS discloses this premium as part of the Disclosure Statement provided to each small-use customer; and
- the ENS complies with the obligations of clause 14.3 regarding auditable written evidence in relation to the supply of renewable electricity."

Empowered



Energy Policy WA has inserted a new clause 7.6 (Embedded network wholly supplied by electricity from renewable sources) to allow ENS to charge a price premium, but only where an embedded network is wholly supplied by electricity from renewable sources. See section 3.2 for more discussion and the new clause 7.6.

Disclosure about DER assets



Energy Policy WA has amended the Disclosure Statement to enhance upfront information provision on arrangements for DER assets in embedded networks. This may relate to solar PV, batteries and EV charging infrastructure. The intention is to provide customers with a better understanding of what arrangements are in place within the embedded network, prior to buying or renting. The amendments therefore focus on disclosure to customers and making arrangements transparent within an embedded network, rather than directing an ENS to provide or do certain things with respect to DER.

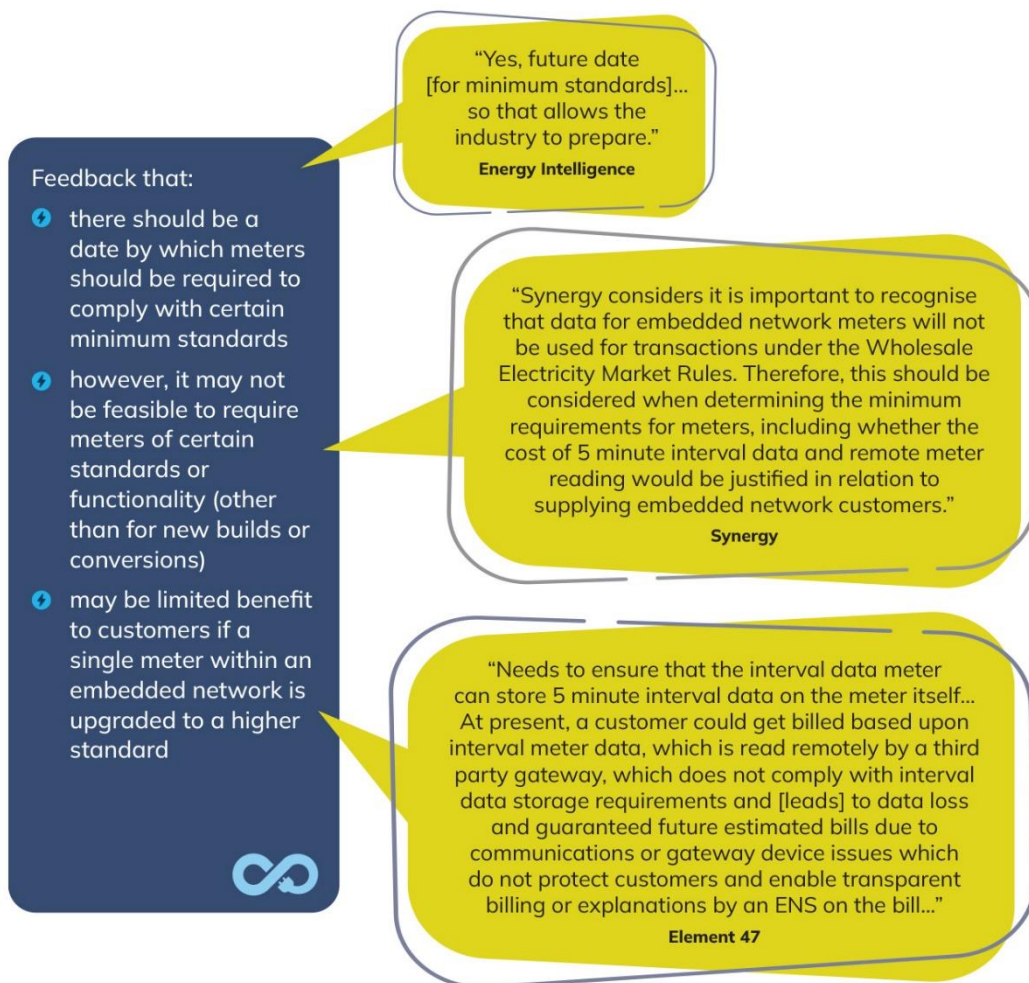
A new clause 15 (Assets not owned by Customer) has also been inserted to place some obligations on ENS where customers do not personally own DER assets and receive no financial benefit from them. See section 3.2 below for more discussion and the new clause 15.



Metering functionality, meter ownership and access, DER assets and safety

Energy Policy WA asked stakeholders to provide feedback on certain questions relating to metering functionality and ownership, DER assets and safety issues in embedded networks.

Metering functionality



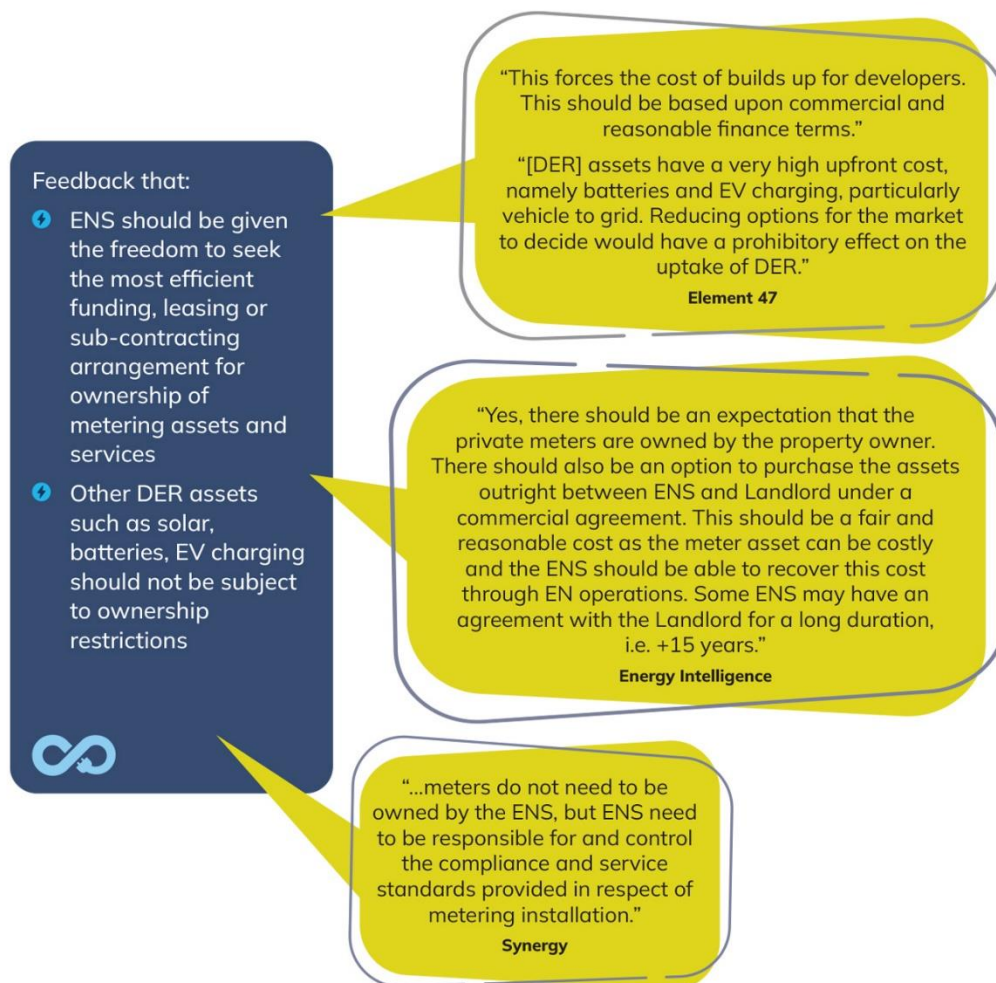
The definitions of Meter and Interval Meter have been amended to better provide for future metering functionality and to meet national and Western Australian standards. Clause 5 (Metering) has also been amended to take account of stakeholder feedback and improve readability.

A requirement has also been included that all customer meters installed after the VEN Code is published comply with specifications or guidelines specified by the National Measurement Institute or any other standards required by law.

Energy Policy WA notes that, if embedded network services are prescribed under the AES registration framework, a residual exemption to the Electricity Industry Exemption Order 2005 (Exemption Order) will still be needed for the construction of distribution systems in embedded networks, as AES registration relates to operation of systems, not construction of them. In the future, consideration may be given to providing for standards for submeters installed during construction as a condition of that residual exemption. Further consultation with stakeholders will be undertaken prior to any standards being applied.



Ownership of metering infrastructure



Energy Policy WA asked for feedback about ownership of metering infrastructure and stakeholders mostly considered strata companies and property owners should not be required to own metering infrastructure, meaning they could be free to enter into arrangements with third party ENS or service providers to supply and maintain metering infrastructure.

Although these contracts are usually long term, they allow the strata company or property owner to avoid the large upfront costs of metering infrastructure or upgrades to existing metering as they are amortised over the long length of the contract. Stakeholders felt this should not be restricted as it could result in lowering the uptake of renewables within embedded networks.

However, often these contracts are struck by developers who enter into a long-term arrangement with a third party ENS or service provider, prior to the sale of individual lots, effectively binding the strata company long after the developer sells the lots. Noting this, Energy Policy WA is of the view that strata companies or property owners should have some right to purchase metering infrastructure (for a reasonable depreciated value) at the completion of a contract.

As the VEN Code is not intended to regulate arrangements between strata companies or property owners and third parties providing metering infrastructure (whether the ENS or not), this is not an obligation that can be placed upon an ENS in the VEN Code. This is because it may not be the ENS who provides the infrastructure in all situations and the contract for such infrastructure is usually between property owner (such as a strata company) and the third party ENS or service provider, not with the end-use customer.

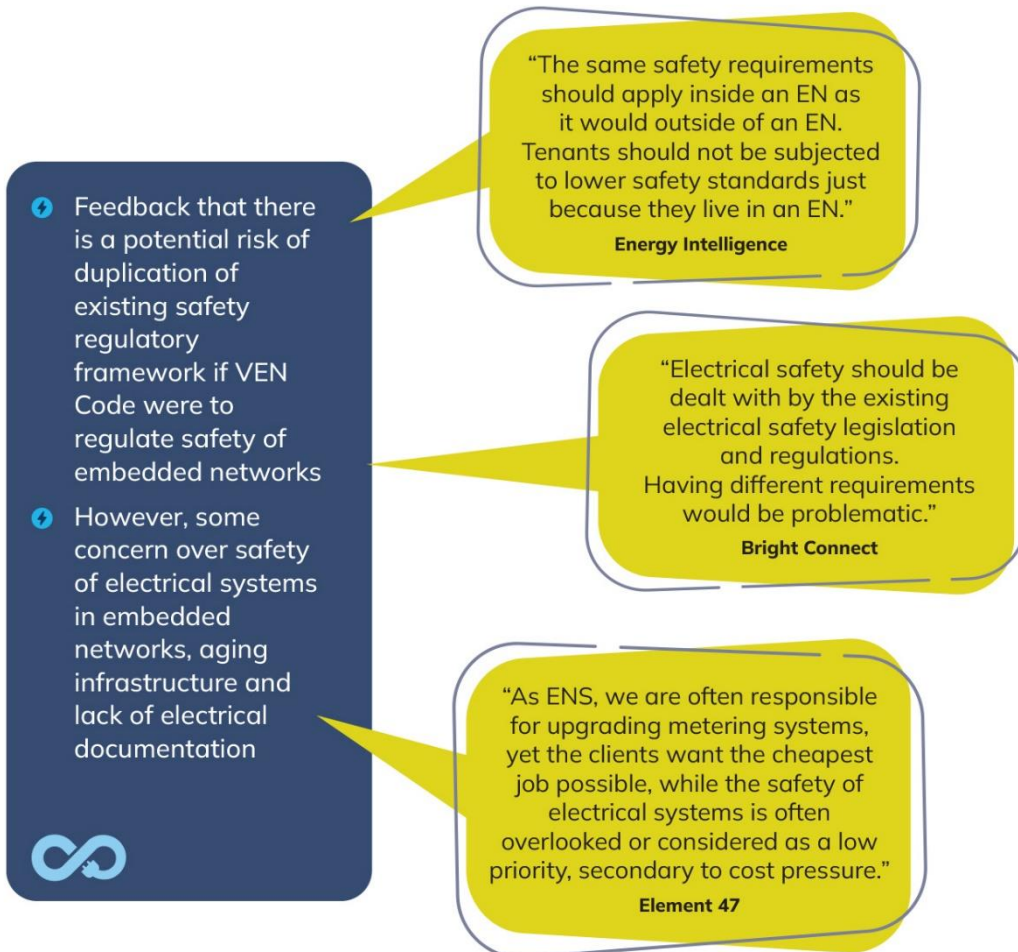
If there is no such right to purchase the metering infrastructure and the strata company or property owner ends the contract with the third party ENS or service provider, they may be left in a situation where that party removes the metering, and/or does not allow for proprietary information to be



transferred to another service provider or third party ENS rendering the metering infrastructure unusable. This is a strong deterrent to switching ENS or service provider, even if the strata company or property owner is experiencing poor outcomes under a contract.

Energy Policy WA is considering further how this right to purchase could be provided to property owners such as strata companies, who contract with third party ENS or service providers to provide metering infrastructure.

Safety



Energy Policy WA did not receive any accounts of specific safety concerns experienced in embedded networks as part of the consultation.

Noting this, no amendments have been made on this issue to the VEN Code. Energy Policy WA continues to liaise with Building and Energy (also part of DEMIRS) on the suitability of current regulatory settings to deal with safety in embedded networks and may consult further on this issue during the voluntary period.



3. Voluntary Embedded Networks Code of Practice

Following consideration of stakeholder submissions to the draft VEN Code, some obligations have been refined and additional issues addressed. Minor amendments have been made to the VEN Code throughout for readability and refinement of language. These are not discussed individually in this Decision Paper.

The key changes to the VEN Code from the draft VEN Code, and a discussion of why they have been made (both definitions and code obligations), are set out below in sections 3.1 and 3.2 (noting amendments to the original in red). Section 3.3 discusses minor amendments made to the VEN Code.

3.1 New or amended definitions

New definitions

New definitions		
Definition	Final VEN Code	Why is the new definition required?
Alternate Supply	means a direct supply of Electricity from the SWIS or the NWIS (as applicable) to a Customer from a person other than the ENS through a Master Meter pursuant to clause 3.2.	This definition is inserted to describe the alternate supply (direct from the SWIS or the NWIS, not from another Embedded Network), which an Eligible Customer may obtain through clause 3.2 (Alternate Supply).
Basic Living Needs	includes payments for — (a) rent or mortgage; and (b) utilities (for example, gas, phone and water); and (c) food and groceries; and (d) transport (including petrol and car expenses); and (e) childcare and school fees; and (f) clothing; and (g) medical and dental expenses.	This definition is inserted as it is now used in the definition of Financial Hardship.
Distributed Energy Resources or DER	means small scale devices that either use, generate or store electricity installed at a Property, including but not limited to solar photovoltaic panels, batteries and electric vehicle chargers.	This is included to support the use of the term in new clause 15 and the disclosure statement, which concern disclosure about how the benefits of any DER assets located in an embedded network are shared or not.
EV Supply	means a supply of Electricity by an ENS to a Customer that is separately metered for the sole purpose of charging an electric vehicle.	This definition is included for use in the new clause 7.5 (Electric vehicle charging in Embedded Network) which provides for separately metered electric vehicle charging, discussed in detail at section 4.2 below.
GST	means the Goods and Services Tax as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) as amended from time to time.	This definition is inserted for use in clause 6 (Billing).



Master Meter	means a Meter at the point or points at which an Embedded Network connects to the Grid or other Distribution System.	This definition is intended to capture the point at which there is a Western Power or Horizon Power NMI meter or meters for consumption at the property, which may be downstream of the Point of Supply (POS) connection point to the Grid. As this term is used in clause 3.2 (Alternate Supply) it has been drafted broadly to cover not just a master meter supplying the ENS but also a master meter supplying a Customer who exits the EN using clause 3.2; this Customer's master meter would be downstream of the POS but in parallel to – and additional to – the master meter supplying the EN.
NWIS	means the North West Interconnected System	This definition is inserted for use in the definition of Alternative Supply and also in clause 13 (Life Support) due to the change in the definition of Grid.
Property	means a parcel of land and includes: (a) a part of a parcel of land; and (b) 2 or more parcels of land with common boundaries that are constituted, owned or occupied as 1 property.	This definition is from the current Exemption Order and is required as it is used in the amended definition of Embedded Network. In the context of the Exemption Order, this limits the exemption for on-supply of electricity to electricity supplied within a single property. This limitation has been carried over to the definition of Embedded Network in the VEN Code.
Relevant Consumer Representative	means a person who may reasonably be expected to represent the interests of Residential Customers who are experiencing difficulties in paying their bills or Financial Hardship and includes financial counsellors.	This definition has been inserted for use in clause 8 (Financial Hardship).
SWIS	means the South West Interconnected System	This definition is inserted for use in the definition of Alternative Supply and also in clause 13 (Life Support) due to the change in the definition of Grid.

Amended definitions

Amended definitions		
Definition	Amendments	Why was the amendment required?
Customer	means a person who: (a) is sold Electricity, by an ENS or who is eligible to be sold Electricity , for the purpose of consumption; or (b) is entitled to be sold Electricity, or may be entitled to be sold Electricity ,	This definition has been amended for readability and to make it clear that a Customer must be sold Electricity by an ENS, for consumption at a Supply Address.





	<p><u>by an ENS for the purpose of consumption,</u> <u>at a Supply Address, by the ENS</u> and who consumes not more than 160MWh of Electricity <u>per annum in any 12 month period.</u></p>	
Distribution System	<p>means Electricity infrastructure used, or to be used, for, or in connection with, or to control, the transportation of Electricity at nominal voltages <u>of less than 66kV that are less than the prescribed voltage.</u></p> <p><i>Note – the prescribed voltage is currently set at 66kV.</i></p>	<p>This amendment has been made to align with the DER Bill where the reference to “less than 66kV” has been removed and reference to “prescribed voltage” has been inserted. “Prescribed voltage” will be specified in regulations. The prescribed voltage is currently set at 66kV.</p>
Eligible Customer	<p>means a Customer who consumes or could reasonably be expected to consume an amount <u>of Electricity</u> that is more than 50MWh <u>per annum in any 12 month period.</u></p> <p><i>Note – an eligible customer will be one whose estimated consumption is more than 50MWh <u>annum in any 12 month period</u> but less than 160MWh <u>per annum annum in any 12 month period</u> (being the threshold for meaning they are a <u>contestable small use customer</u>).</i></p>	<p>This definition has been amended for readability.</p>
Embedded Network	<p>means a Distribution System <u>that:</u></p> <ul style="list-style-type: none"> (a) that is operated by or under the control of a person (one person) that is, subject to a single controlling mind; (a) <u>is located on a Property; and</u> (b) that <u>supplies Electricity to at least one Customer who is not a person in control of the Distribution System, or related to, a person in control of the Distribution System, or at least one property that is not occupied by, the operator or controller referred to in subclause (a); and</u> (c) that <u>is supplied with Electricity by another Distribution System <u>operated by another person; and</u></u> (d) <u>is not part of a Covered Network.</u> 	<p>This definition has been amended for several reasons.</p> <p>To be consistent with the Exemption Order, the definition has been limited to networks located on a single Property. The definition of Property in the Exemption Order has been carried over. This maintains the status quo of a parcel of land, which can include a part of a parcel of land or two or more parcels of land with common boundaries that are constituted, owned or occupied as one property. This also excludes embedded networks which supply electricity to green title lots (i.e. located over more than one Property).</p> <p>A definition of “embedded network” has been inserted into the DER Bill, which is broader than the VEN Code definition, but limited to networks outside a “Covered Network”. A “Covered Network” has the meaning in the Act, and refers to networks covered by access regulation. This has been reflected in the VEN Code definition of Embedded Network to ensure there is more consistency between the VEN Code and that legislation. The definition has been</p>





		<p>limited to exclude embedded networks which may be part of a Covered Network.</p> <p>Stakeholder feedback indicated that within an embedded network on a single property, there may be tiers of ownership of embedded networks, operated and controlled independently downstream of the first master meter. The definition has been amended to provide for this scenario, so that each tier of embedded network can be captured by the definition and therefore require the relevant operator to register as an ENS.</p> <p>This definition also excludes embedded networks which on-supply electricity with no sale of Electricity to Customers.</p> <p>Note – this definition will capture on-selling in stand alone houses by landlords to tenants under a lease agreement. For the mandatory AES Code, Energy Policy WA is considering excluding this from the requirement to register as an AES via regulations.</p>
Emergency	<p>means the actual or imminent occurrence of an event that:</p> <p>(a) in any way endangers or threatens to endanger the safety or health of any person, or the maintenance of power system security in the Embedded Network or a Distribution System, <u>including an Embedded Network connected directly or indirectly to the Embedded Network</u>; or</p> <p>(b) destroys or damages, or threatens to destroy or damage, any property.</p>	<p>This definition has been amended to provide for tiers of Embedded Networks on a property, as discussed above.</p>
Existing Supply Agreement	<p>means a Supply <u>Arrangement Agreement</u> which is on foot as at the date the an ENS undertakes to comply with by the Code.</p>	<p>This definition has been amended to reflect the change of terminology from Supply Arrangement to Supply Agreement discussed below.</p>
Interval Meter	<p>means a Meter which <u>measures, records and retains how much Electricity is used the relevant information</u> in a either 5 minute or 30 minute intervals <u>and the associated demand from the Customer</u>.</p>	<p>This definition has been amended to also cover measuring and retention of data on the meter, as well as to be broad enough to capture bidirectional flows of electricity through the meter.</p>
Grid	<p>means the South West Interconnected System or the North West Interconnected System, as applicable <u>Distribution System which is directly connected to and supplies an Embedded Network</u>.</p>	<p>Stakeholder feedback indicated that within a property there may be tiers of privately owned networks, essentially tiers of Embedded Networks, independently owned and run. This has meant the definition of</p>





		Grid as used in the VEN Code should not be limited to the SWIS or NWIS but in fact the Distribution System which supplies the Embedded Network downstream. See Figure 1 in Section 2 above.
Meter	means a device which measures and records Electricity production and consumption <u>and export as relevant, and includes the Master Meter and Customer Meter (as that term is defined in clause 5.1).</u>	This definition has been amended to provide for bidirectional flow of electricity (i.e. both consumption and export) and to clarify that it includes a Master Meter and Customer Meter as those terms are defined.
New Supply Agreement	means a Supply <u>Arrangement Agreement</u> which is entered into, or amended, on or after the date the <u>an</u> ENS is bound by the Code.	This definition has been amended to reflect the change of terminology from Supply Arrangement to Supply Agreement discussed below.
Payment Plan	means an interest-free and fee free plan or other arrangement between the ENS and the Customer to pay a bill <u>any amounts owing to an ENS</u> while permitting the Customer to continue consumption of Electricity.	This definition has been amended to refer to any amounts owing to an ENS rather than to a bill. An amount owing could include historical debt, for instance.
Renewable Source	means a <u>generation</u> source which is capable of producing Electricity which is naturally replenished <u>and includes electricity supplied or purchased that is GreenPower accredited.</u>	This definition has been amended to be clear that it includes electricity supplied or purchased by an ENS that is GreenPower accredited.
Supply Address	means the premises <u>within an Embedded Network</u> to which Electricity was, is or may be supplied to a Customer by an ENS.	This definition has been amended to be clear that the premises are within an Embedded Network.
Supply Agreement	means a contractual <u>agreement between an ENS and a Customer containing</u> or the terms for the supply of Electricity from an ENS to a Customer, which must be in writing.	This definition has been amended to clarify that the Supply Agreement is a contractual agreement made between the ENS and the Customer.





3.2 Key amendments

Definition of Embedded Network Seller

Amendment to clause 2.2	Why was the amendment required?
<p>2.2 Embedded Network Seller Subject to clause 2.3, An <u>an</u> ENS for an Embedded Network is <u>the person responsible for the supply of Electricity to Customers in an Embedded Network, and the ENS for an Embedded Network is:</u></p> <p>(a) unless clause 2.2(b) applies, the person who has the contract or arrangement for the purchase of Electricity at the point or points at which the Embedded Network connects to the Grid from the Grid at a Master Meter for the Embedded Network; or</p> <p>(b) the person that has notified the Coordinator of Energy in writing that it agrees to be bound by the Code, and has been <u>is</u> approved by the Coordinator of Energy <u>as the ENS for an Embedded Network</u> in accordance with clause 2.3.</p>	<p>This definition has been amended to clarify that an ENS is responsible for the supply of Electricity to Customers in an Embedded Network and to incorporate the new definition of Master Meter.</p> <p>It is also now broad enough to allow for tiers of Embedded Network. This means that a person may be an ENS for an Embedded Network, even if that Embedded Network is not connected to the SWIS of the NWIS, as it is a tier below another Embedded Network.</p>

Responsibility for third party contractors

New clause 2.4	Why is the new clause required?
<p>2.4 Responsibility for third party contractors</p> <p>(a) An ENS must ensure that a marketing agent or third-party engaged by the ENS complies with this Code as if the relevant provisions of the Code applied to the marketing agent or third-party.</p> <p>(b) If a marketing agent, or third party engaged by an ENS to act on its behalf, does something or omits to do something that, if done or omitted to be done by the ENS, would be a breach of this Code, then it is taken to be a breach of this Code by the ENS.</p>	<p>A new clause 2.4 has been inserted to provide that an ENS is responsible for the actions of agents or contractors it engages to act on its behalf.</p>

Supply through a separate master meter

Amendment to clause 3.2	Why was the amendment required?
<p>3.2 Alternate Supply <u>Supply through a separate connection point to the Grid</u></p> <p>(a) This clause applies where an Eligible Customer requests an Alternate Supply.</p> <p>(b) AN ENS must not prevent or prohibit, an Eligible Customer from <u>making a request to obtain or</u> obtaining <u>a supply of Electricity from another supplier through a separate connection point to the Grid</u> Alternate Supply, provided that the <u>reasonable</u> costs <u>associated with</u> of obtaining that supply are</p>	<p>Stakeholder feedback showed there is more complexity to this process than the draft clause 3.2 contemplated. New definitions of Alternate Supply and Master Meter are also inserted, as discussed above.</p> <p>The amendments to this section provide for:</p> <ul style="list-style-type: none"> An Eligible Customer obtaining a separate Master Meter as opposed to a separate connection point. This is because there may only be one point of supply (POS) to the





paid for by the Eligible Customer, including costs relating to altering the Master Meter and other metering installation costs and the associated electrical works to enable the Alternate Supply.

- (c) If, in order for a Customer to obtain an Alternate Supply, an application is required to be made to Western Power or Horizon Power (as relevant), the ENS must either make the application, or request that the necessary person makes the required application to Western Power or Horizon Power (as relevant) to facilitate an Alternate Supply for the Customer.
- (d) In complying with clause 3.2(c), the ENS must:
- (i) use best endeavours to obtain any necessary consents and approvals from all relevant parties in order to make the application; and
 - (ii) obtain the Verifiable Consent of the Customer where required by Law; and
 - (iii) facilitate any reasonable works that may be necessary (at the cost of the Eligible Customer) and provide access to third parties to the Embedded Network as reasonably required to facilitate the Alternate Supply to the Customer's Supply Address.
- (e) For the purposes of this clause 3.2, obtaining an Alternate Supply, includes undertaking preliminary investigations the reasonable cost of which may be charged to the Eligible Customer after notification by an ENS of their potential liability.

Note – Clause 3.2 is designed to start a conversation between the ENS and the Eligible Customer about alternative supply given contestability does not currently extend to Eligible Customers located in embedded networks in Western Australia. It is acknowledged that the costs and practical barriers to installing a separate master meter are likely to be prohibitive in many circumstances.

(b) Where an Eligible Customer requires reasonable assistance from an ENS to obtain a supply of Electricity from another supplier through a separate connection point to the Grid, the ENS must facilitate any reasonable works that may be necessary (at the cost of the Eligible Customer) and provide access to the Embedded Network infrastructure to facilitate

Embedded Network from the Western Power or Horizon Power grid, with multiple Master Meters in parallel, downstream of that POS.

- The consent process required to obtain an additional Master Meter downstream of the POS but separate to the Embedded Network.
- The reasonable costs of undertaking preliminary investigations to be borne by the Eligible Customer.



~~the connection of that separate connection point to the Grid for alternate supply.~~

Improvements to information disclosure

Amendment to clause 4.1	Why was the amendment required?
<p>4.1 Disclosure Statement</p> <p>(a) An ENS must provide <u>or arrange for</u> each Customer <u>to be provided</u> with a written copy of a completed Disclosure Statement prior to supplying that person Electricity <u>to that Customer</u>.</p> <p>(b) If that is not possible, an the ENS must: <i>i)</i> at a minimum, and as soon as possible, give information on the Default Flat Rate Tariff and the tariff that applies to the supply (if different); and <i>ii)</i> give the completed Disclosure Statement to the Customer <u>by no later than</u> the time the Customer receives the first bill.</p> <p>(c) The completed Disclosure Statement must be provided in the format published by Energy Policy WA.</p>	<p>This clause has been amended to make it clear that provision of information by the ENS to the Customer is considered to be an obligation of the ENS under the VEN Code.</p> <p>If an ENS fails to provide information required in the Disclosure Statement, this means they will be in breach of the VEN Code. This includes leaving information blank.</p>

Metering – General

Amendment to clause 5.1	Why was the amendment required?
<p>5.1 General</p> <p>(a) An ENS must ensure that each Supply Address which is supplied by the ENS has <u>an individual</u> Meter <u>(Customer Meter)</u>, unless:</p> <p>(i) as at the date the Code is published, the Supply Address was connected to a supply of Electricity but was not separately metered; and</p> <p>(ii) the Supply Address has not been separately metered at any date since the date this Code is published.</p> <p>(b) <u>A Customer Meter installed after the date this Code is published must comply with any applicable specification/s or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act 1960 (Cth) or any other standards required by Law.</u></p>	<p>This section has been amended to reflect that any Meter installed in an Embedded Network from the date the Code is published, must comply with specifications under the <i>National Measurement Act 1960 (Cth)</i> or any other standards required by Law.</p>





Information on types of meters

Amendment to clause 5.2	Why was the amendment required?
<p>5.2 Types of Meters</p> <p>(a) An ENS must advise a Customer on request, at no charge, of the availability of different types of Meters and:</p> <p>(i) <u>the type of Customer Meter installed at the Supply Address, including whether or not it is an Interval Meter; and</u></p> <p>(ii) <u>whether any other type of Meter may be installed as the Customer Meter, and if so, any costs the Customer would incur to change the Customer Meter; and</u></p> <p>(a) the purpose of each Meter and suitability of that Meter to the Customer's Supply Address; and</p> <p>(b) any costs the Customer would incur if the Customer wanted the Meter installed at the Customer's Supply Address; and</p> <p>(c) any installation, operation and maintenance procedures for the Meter; and</p> <p>(b) (d) if the Customer is an Eligible Customer, the ENS must advise the Eligible Customer, on request, at no charge, of the ENS's obligations under clause 3.2.</p>	<p>Stakeholder feedback indicated this clause was confusing. This clause has therefore been amended to more clearly set out the process by which a Customer can obtain information about the type of Meter installed at its Supply Address (now referred to as the Customer Meter) and obtain a replacement Meter (at their own cost).</p> <p>If the Customer requests information about whether any other type of Meter may be installed to replace the existing Meter, the ENS is obliged to provide that information to the Customer at no charge.</p> <p>The Customer is responsible for all associated costs of replacing the Meter.</p>

Agreement for a different tariff structure

Amendment to clause 7.3	Why was the amendment required?
<p>7.3 Agreement for a different tariff structure <u>or price</u></p> <p>(a) An ENS and a Customer may at any time agree in writing to a different tariff structure to the Default Flat Rate Tariff <u>or price offered by the ENS</u> for the supply of Electricity to the Customer <u>provided that the Customer has a right to</u> opt out of that <u>agreed different tariff structure or price</u> at any time, without penalty, and revert to the Default Flat Rate Tariff offered by the ENS <u>at that time</u>.</p>	<p>The proposal under the VEN Code allows an ENS the flexibility to offer Customers a different tariff structure (for example, a time of use tariff, a tariff based on demand, a fluctuating tariff with exposure to wholesale or spot markets, actual costs plus a percentage, etc.).</p> <p>The ENS may reach any agreement it likes with its Customer provided the Customer agrees and that any variation mechanism is clearly disclosed and agreed upfront with the Customer in compliance with the requirements of clause 7. The important requirement here being that the information on the tariff must be disclosed to the Customer upfront and that they must agree.</p> <p>The agreed tariff does not have to be structured with a consumption component and a daily supply charge component.</p> <p>The key protection for Customers that is being provided in the VEN Code is the right to at any time revert back to the applicable default tariffs specified in clause 7.2. The ENS must specify its default tariff in the Disclosure Statement (some ENS</p>



may offer a default that is less than the regulated tariffs used as benchmarks).

As the default tariffs are linked to a regulated tariff it provides customers with a safety net.

Electric vehicle charging in embedded networks

New clause 7.5	Why is the new clause required?
<p>7.5 Electric vehicle charging in Embedded Networks</p> <ul style="list-style-type: none"> (a) This clause applies if a Customer receives an EV Supply. (b) An ENS is not required to offer a Customer a Default Flat Rate Tariff with respect to an EV Supply. (c) An ENS may charge a Customer that receives an EV Supply in addition to a general supply of Electricity from the ENS an additional fixed daily supply charge for the EV Supply, however, this amount must not exceed the amount of the fixed charge for an additional dwelling under the Residential Tariff. (d) An ENS may constrain down the supply of Electricity within the Embedded Network in respect of an EV Supply. (e) An ENS must disclose to the Customer if it will constrain down the supply of Electricity in respect of an EV Supply and the times at which supply will be constrained down. <p><i>Note – the amount referred to in clause 7.5(c) is currently set at 43.9179 cents per day for each additional dwelling (inclusive of GST).</i></p>	<p>Stakeholder feedback indicated that ENS may want to provide a service of separately metered electricity supply for the purposes of electric vehicle charging within the embedded network.</p> <p>New clause 7.5 places certain obligations on the ENS when a separately metered supply of electricity is provided by an ENS to its Customer.</p> <p>No price regulation is imposed upon the actual consumption portion of a tariff. An ENS is also permitted to charge a fixed daily supply charge for that separately metered supply, however if the ENS chooses to do this, the amount of the charge is limited to the charge for an additional dwelling in line with the Residential Tariff described in the Energy Operators (Electricity Generation and Retail Corporation) (Charges) By-laws 2006 (WA) and the Energy Operators (Regional Power Corporation) (Charges) By-laws 2006 (WA).</p> <p>Limits are also placed upon an ENS's ability to constrain down the electricity supply in the embedded network. Only meters supplying electricity for electric vehicle charging may be constrained down and the ENS must specify in the Disclosure Statement, if and when constraints may occur.</p> <p>Disclosure obligations are placed upon an ENS in relation to any fees and charges that may be payable by the Customer, when the ENS may vary the tariff, fees and charges, and an explanation of how the tariff, fees and charges may be varied.</p>

Embedded networks wholly supplied with electricity from renewable sources

New clause 7.6	Why is the new clause required?
<p>7.6 Embedded Network wholly supplied with Electricity from Renewable Sources</p> <ul style="list-style-type: none"> (a) This clause applies if an Embedded Network is wholly supplied with Electricity from Renewable Sources. (b) The components of the Default Flat Rate Tariff offered to a Customer may be increased by the amount of the reasonable 	<p>New clause 7.6 is included in the Voluntary Code after stakeholder feedback indicated some properties operated as embedded networks are intending to operate with electricity from 100 per cent renewable sources. This may be a mix of on-site generation and renewable electricity sourced from licensed retailers.</p>





<p>additional costs (if any) payable by the ENS to supply the Electricity from Renewable Sources.</p> <p>(c) Prior to commencing supply of Electricity to a Customer, the ENS must disclose to the Customer that:</p> <p>(i) the Embedded Network is wholly supplied with Electricity from Renewable Sources; and</p> <p>(ii) the Default Flat Rate Tariff available to the Customer may reflect the additional costs associated with the supply of Electricity from Renewable Sources.</p> <p>(d) An ENS must provide to the Customer details of the basis of any amounts by which the Default Flat Rate Tariff is increased under clause 7.6(b) to supply the Electricity from Renewable Sources on request, and, where reasonably required, provide auditable written evidence.</p>	<p>Energy Policy WA does not want to restrict the proliferation of embedded networks wholly supplied with electricity from renewable sources and accordingly has included new clause 7.6 to acknowledge this business model and its potentially increased costs while offering safeguards for customers entering these types of developments by way of additional disclosure.</p> <p>This clause is similar in nature to clause 14, however here it is the ENS who instigates the use of electricity wholly from Renewable Sources in the Embedded Network.</p> <p>Upfront disclosure to Customers of this fact, along with disclosure on relevant tariffs is required by an ENS for such an Embedded Network. Relevant disclosures have been included in amendments to the Disclosure Statement.</p> <p>On price, ENS are permitted to increase the Default Flat Rate Tariff by the amount of the reasonable additional costs (if any) payable by the ENS to supply Electricity wholly from Renewable Sources. Auditable written evidence must be provided by the ENS for those amounts by which the Default Flat Rate Tariff is increased, if requested by the Customer.</p>
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Distributed energy resources in embedded networks

A new DER definition has been added to the VEN Code to include solar PV panels, batteries and personal or public EV charging infrastructure. These assets may be owned or leased by the ENS (or property owner/third party under a separate contract) or the customer personally.

Stakeholder feedback (particularly with regard to personal solar PV panels) indicated customers receive little to no information on arrangements for DER assets in embedded networks. Generally, information sharing about the circumstances surrounding DER assets in embedded networks could be greatly improved.

Amendments have therefore been made to the Disclosure Statement at section 5 to include information about DER assets in embedded networks. It is the responsibility of the ENS to accurately represent to the customer the arrangements in place regarding DER assets for an embedded network it operates.

This includes information on:

- DER assets located at the customer's supply address which are owned (or leased) by the ENS (or property owner/third party) and whether the customer is entitled to personal use of those assets;
- DER assets of the ENS (or property owner/third party) which are located at common areas (including shared roofspace or carparking) and whether the customer will receive any discount to their electricity tariff or other benefit from the DER assets; and
- the customer's ability to install its own DER assets at their own cost for personal use.

In addition to the enhanced disclosure, a new section 15 has been included in the VEN Code.



Energy Policy WA considers enhanced disclosure obligations on ENS in this area will benefit customers so they are fully informed when they enter an embedded network.

New clause 15	Why is the new clause required?
<p>15 DER assets not owned by Customer If DER assets are installed at an Embedded Network, that are:</p> <ul style="list-style-type: none">a) not owned by a Customer; andb) the Customer receives no financial benefit from the DER assets, <p>an ENS must not include any term in the Supply Agreement permitting the ENS to:</p> <ul style="list-style-type: none">c) charge the Customer any fee to maintain, repair or insure the DER assets; and/ord) require that the Customer maintain or repair at its own costs or maintain a policy of insurance, for the DER assets.	<p>The new disclosure obligations contained in the Disclosure Statement coupled with this amendment to the VEN Code, are designed to provide Customers with upfront awareness of the circumstances regarding DER assets within the Embedded Network they are either buying into or leasing premises within.</p> <p>This new clause prevents an ENS from charging Customers any fees to maintain, repair or insure DER assets or requiring Customers to maintain or repair or maintain a policy of insurance for any DER assets if the assets are not owned by the Customer and the Customer receives no financial benefit from them.</p>





3.3 Other minor amendments

Clause 2.1 – Limit on Embedded Network Sellers

This clause has been amended to provide that if there is no on-sale of electricity to customers in the embedded network, the person who would be considered the ENS does not have to register as an ENS. This is to provide for situations where hotels or other formats of short stay accommodation are set up as embedded networks but the operator does not on-sell electricity to occupants of the accommodation, that is, electricity charges are not paid separately by the customer.

In these circumstances consumption may or may not be metered and electricity charges are either paid for by the ENS and not passed on to the customer at all, or they are passed on via a bundled room rate paid periodically (and not linked to electricity consumption) rather than a separate on-sale of the electricity.

Clause 3.1 – Supply of electricity to customers

This clause has been amended to explicitly provide that in addition to having a Supply Arrangement with each customer within the embedded network, and subject to the terms and conditions of the VEN Code and that Supply Arrangement, the ENS has a positive obligation to supply electricity to a customer's supply address.

Clause 6.1 – Billing Cycle and format

This section has been amended to reflect that an ENS and a Customer may agree for bills, bill contents and/or Billing Data to be provided to the Customer through a mobile application or an electronic communication portal instead of a paper or electronic bill.

Clause 6.3 - Contents of a bill

This clause has been amended to require a bill to include the amount of GST, information on concessions available and how the Customer may access interpreter services and other services to assist with speech or hearing impediments. The date when any amounts due will be automatically debited must also be reflected on the bill.

Amendments have also been made to provide that an ENS may not charge any interest or late payment fees on an amount undercharged. Further, if an amount overcharged is more than \$100 the customer may elect that the amount is repaid rather than credited to the customer's account.

Clauses 7.1 to 7.4 – Tariffs and prices

Minor amendments have been made to clause 7 to improve readability. These changes do not change the substantive requirements for tariffs and prices offered to customers as set out in the draft VEN Code.

Clause 7.1 has been amended to reflect that an ENS can give a Customer written notice at least five Business Days in advance of any variation to its tariffs, fees or charges that affect a customer. This change is to simplify the process.

Further, in the consultation draft VEN Code, clause 7.2(c)(iii) was incorrectly formatted and should have instead read "7.2(d)". This subclause applies to both residential and non-residential supply. This clause has also been amended to set out what specific fees may be charged over and above the Default Flat Rate Tariff fixed daily supply charge (clause 7.2(d)(ii)-(vii)), as this is clearer than providing that the fixed daily supply charge must include all fees and charges in relation to the provision of electricity services other than the charge for metered consumption.

Clause 8.1 – Customers experiencing Financial Hardship

This clause has been amended to require the Customer to inform the ENS of an assessment of being in Financial Hardship.



Clause 9.5 – Minimum obligations for Family Violence policy

This clause has been amended to provide that an ENS must make its Family Violence policy available on its website.

Clause 13.2 – Notification of Life Support Equipment

This clause has been amended to reflect that it is the licensed electricity retailer that supplies electricity to the point of connection to the SWIS or the NWIS (as applicable), who should be notified.

This change is as a result of feedback received that different tiers of embedded networks can exist within one property and the consequential change to the definition of “grid”.

Clause 14 - Carbon offsets or electricity with other characteristics

This clause has been amended to reflect that the carbon or associated emissions from the generation of the electricity supplied may be offset with electricity generated by “renewable sources” and to remove specific reference to Large Scale generation certificates following stakeholder feedback. The definition of “renewable sources” has been expanded to be clear that it includes electricity supplied or purchased that is GreenPower accredited.

Other minor amendments have been made to this clause for clarity and readability. Section 14.2(a) relating to the customer’s responsibility to pay reasonable costs has been extended as a result of stakeholder feedback, to requests under clause 14.1 (Request to offset) and clause 14.4 (Other characteristics).

Clause 14.3 relating to the provision of auditable written evidence has been amended as a result of stakeholder feedback, to extend application to clauses 14.1 to 14.3 rather than clause 14.1 and 14.3 (thereby excluding clause 14.2) by replacing “and” with “to”.

Disclosure Statement

Minor amendments have been made throughout the Disclosure Statement. As discussed above the key changes to the Disclosure Statement are;

- the inclusion of information at section 3 on whether an ENS supplies electricity from 100 per cent renewable sources;
- section 4 (EV charging through a separate supply and meter);
- section 5 (DER at the property (e.g. solar panels, batteries and personal electric vehicle charges); and
- section 8 (Information for non-residential customers).

Section 8 makes clear to customers who are tenants with a lease agreement subject to the *Commercial Tenancy (Retail Shops) Agreements Act 1985* (WA), that the VEN Code does not apply to a landlord’s recovery of “electricity outgoings” as that term is defined in that Act. These tenants are only required to pay an ENS for the supply of electricity to their tenancy or lot under their electricity supply agreement with the ENS (as their landlord).



Appendices

Appendix A. Voluntary Embedded Networks Code of Practice





Appendix B. List of stakeholders who provided submissions

Submissions available on the Energy Policy WA website

- Anonymous Individual
- Anonymous Residential Customer 1
- Anonymous Residential Customer 2
- Anonymous Residential Customer (Owner-Occupier) 1
- Anonymous Residential Customer (Owner-Occupier) 2
- Anonymous Residential Customer (Owner-Occupier) 3
- Anonymous Residential Customer (Tenant)
- ATCO Source Energy Co.
- Bright Connect
- Change Energy
- Competent Strata Assistance
- Element 47
- Energy Intelligence
- Energy-Tec
- Empowered
- ESM Strata
- Small Business Customer 1
- Small Business Customer 2
- Small Business Customer 3
- Strata Community Association WA
- Subway (Floreat, Girrawheen, Wangara, Wanneroo)
- SwitchDin
- Synergy
- WA Council of Social Service
- Western Australian Retirement Villages Residents Association

Confidential submissions not available on website

- McDonald's Australia
- Residential Customer - Owner-Occupier
- Residential Customer 2 - Owner-Occupier
- Shopping Centre Council of Australia
- Sincro WA Holdings
- WA Department of Transport (Maritime)

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