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About the Tenants' Union of NSW

The Tenants' Union of NSW is the peak body representing the interests of tenants in New South Wales. We are a Community Legal Centre specialising in residential tenancy law and policy, and the main resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs) in New South Wales.

The TAAS network assists more than 35,000 tenants, land lease community residents, and other renters each year. We have long-standing expertise in renting law, policy and practice. The Tenants' Union NSW is a member of the National Association of Renters Organisations (NARO), an unfunded federation of State and Territory-based Tenants' Unions and Tenant Advice Services across Australia. We are also a member of the International Union of Tenants.

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About this submission

The Tenants' Union welcomes the opportunity to provide feedback on IPARTs consultation paper on billing requirements and setting maximum prices for residential embedded network customers.

Despite a number of reviews the current regulatory system leaves embedded network customers in a weaker position compared with on-market customers. They can find themselves locked into uncompetitive pricing arrangements, and generally have access to considerably less information and fewer protections.

The proposed changes are important positive steps in improving outcomes for embedded network customers. There is still significantly more work to be done in this area to ensure that customers in embedded networks have an equitable energy market experience. In our response we have outlined additional reforms that will help to improve outcomes in particular for residents in land lease communities in NSW and ensure equality of outcomes for all NSW residents, regardless of where they reside.

Recommendations

Recommendation 1:

Include the customer's distribution district in the standardised statement to assist customers to understand where the maximum price has been drawn from and provide enough information to enable cross checking of their rates against IPART's 12 monthly determinations.

Recommendation 2:

In the standardised statement on bills replace the term 'weighted' for a plain language term such as 'multiplied' to make it clearer for customers.

Recommendation 3

Develop guidelines to ensure sellers establish fair price systems that balance customer affordability with costs for providing energy services, in line with ethical market practices.

Recommendation 4

Amend billing standards to require the following information to be included on bills:

- embedded network sellers' websites, where consumers can access concessional information, and
- details of the retailer at the parent meter.

Recommendation 5

IPART to set benchmarks in July and based on a single point in time.

Recommendation 6

Implement a maximum common factor of 0.35 at implementation and lower this maximum to 0.25 over time to incentivise upgrades and maintenance work to inefficient systems.

Recommendation 7

Allow only one supply charge for a single fuel source.

Recommendation 8

Implement maximum price and billing standard requirements within the next 6 months

Recommendation 9

Provide guidance to embedded network sellers to ensure that residents in land lease communities are not priced differently due to their tenure status

Recommendation 10

IPART to investigate if their powers allow oversight of parent meter charges and contracts

in land lease communities.

Recommendation 11

IPART to use its existing powers to investigate the different experience of customers in land lease communities by way of requesting any and all documents or information associated with the engagement of a retailer, embedded network seller and embedded network operator to determine a fairer maximum price methodology for land lease communities.

Recommendation 12

IPART to investigate options to ensure exempt sellers are required to provide notice periods to customers for price changes

Recommendation 13

IPART to confer with NSW Government about limiting any new embedded network commodities in land lease communities

Recommendation 14

IPART to establish and maintain information specific to embedded networks on their website to assist customers navigate the complexity of living in an embedded network

Draft billing standards for residential embedded network customers

1. What are your views on the proposed standardised statement on the maximum price set by IPART, as set out on page 5? In your response, please comment on:
 - a. whether the statement is clear and easy for residential embedded network customers to understand
 - b. whether any information should be added, removed or clarified.

In part 3.1 (a) of the draft billing standard, the standardised statement doesn't offer customers clarity that a transparent process has been used to establish the maximum price caps stated in their bill. It's important for customers to have access to information on their bill on the distribution district they are located within. This will ensure that they are able to easily cross check their rates against IPART's 12 monthly determinations.

In part 3.1(b) of the IPART draft billing standard the standardised statement, use of the term 'weighted' is not easy to understand. We recommend the term weighted be replaced with a plain language term such as "multiplied" to ensure that it's easy and clear for the customer to understand.

The Tenants' Union of NSW supports the standardised statement including information that embedded network sellers can charge less than IPART's maximum price caps but not more. IPART is best placed to settle any misinformation that has stopped embedded network sellers from offering better prices to customers when they can.

The evidence from bills at the parent meter in land lease communities suggests that embedded network sellers can provide their customers with significantly lower electricity prices and some examples are included later in our submission.

We have additional concerns that the embedded network pricing and regulatory framework does not regulate poor pricing practices that are below the maximum price cap leaving sufficient room for customers to be subjected to unfair and unethical conduct.

Examples:

The seller publishes and sets their prices below the IPART price cap but makes frequent or unpredictable adjustments to the pricing at their own discretion.

The seller publishes and sets their pricing below the IPART price cap and sets different rates based on their own categorisation of customers. For example, different rates are published for a tenant, a home owner, a homeowner with a supply only contract outside of the community.

Recommendations:

- Include the customer's distribution district in the standardised statement to assist customers to understand where the maximum price has been drawn from and provide enough information to enable cross checking of their rates against IPART's 12 monthly determinations.
- Replace the term 'weighted' for a plain language term such as 'multiplied' to make it clearer for customers.
- Further consultation and guidelines are warranted to ensure sellers establish fairer price systems that balance customer affordability with costs for providing energy services, in line with ethical market practices.

2. What barriers, if any, may affect the ability of embedded network sellers, or their billing agents, to include the proposed standardised statement on IPART's maximum prices on bills for residential embedded network customers?

The Tenants' Union does not believe that there are any barriers that would prevent embedded network sellers or their billing agents from including the proposed standardised statement. There are other reforms to billing requirements that are being implemented and including additional information on IPART's maximum prices on bills is a minimal change for embedded network sellers to implement.

3. What barriers, if any, may affect the ability of embedded network sellers to charge residential embedded network customers for the energy input to supply hot water or centralised air-conditioning?

No comment at this time

4. Please explain any impediments to metering hot water consumption before mixing with cold water (i.e. upstream of the thermostatic mixing valve).

No comment at this time

5. What changes could be made to the draft billing standard to make bills clearer and easier to understand? In your response, please explain the changes and how they would improve clarity for customers.

There is benefit and consumer protection for embedded network customers to know the details of the energy distribution district.

This information assists the customer to correctly identify if their charges are compliant with the IPART maximum price caps for their energy distribution district.

It is also important to assist them to seek out accurate information that relates to their location during energy emergencies such as during a natural disaster, for life support safety, for direct information about the progress of reconnection and referral to financial relief information that might be available.

There is benefit for bills to include the embedded network seller's website.

The bill should direct customers with concerns about their billing to the sellers website where the seller is obligated to record details about their embedded network commodities. The website is also where customers would be able to locate the sellers policies for example their complaints, hardship, family violence and disconnection policies.

Embedded network customers should be provided with a referral point on their bill (such as the embedded network sellers website) for bill explainer information.

More comprehensive information about charges such as the daily supply charge, the usage charge and any administrative charges, late fee charges or payment processing charges could be found on the selling entity's website. Information on the website may help minimise disputes.

Example:

The Tenants Union of NSW was informed by an embedded network customer that when they had called the phone number of their third party supplier on their energy bill they received a recorded message stating that all staff were unavailable due to a staff training day. The seller's website information on the energy bill could have improved customer experience.

Access to concessional information:

In some instances embedded network customers do not automatically receive concessions, discounts or rebates they are eligible for because they are not aware of their entitlement, while on-market customers may have these discounts already applied as a line item on their bill.

The NSW Government rebates such as the low income household rebate, life support energy rebate, medical energy rebate and seniors energy rebate require many embedded network customers to apply via Services NSW.

The recent Federal Energy Bill Relief schemes also required embedded network customers to apply while standard on-market customers were automatic recipients.

The customers bill should provide a reference point for customers to access or apply for discounts, concessions and rebates that may apply to them.

Access to details of the retailer who provides energy at the parent meter.

Embedded network customers are obligated to be a secondary customer (informally) of the retailer at the parent meter.

Embedded network customers can be caught in the middle of a contractual or policy dispute between the retailer and the selling entity. In land lease communities they do not have a say or any control over the provision of services for the parent meter but can nonetheless experience issues arising from that retailer or disputes between the retailer and the selling entity.

Identifying the retailer at the parent meter on their bills supports the customer's right to make informed decisions and exercise their choice in a genuine way if they decide to act on their right to leave the embedded network in full or become a supply only child meter customer of another retailer.

Example:

It has been reported to the Tenants' Union of NSW by residents of more than one land lease community, that during a natural disaster the community operator had evacuated, locked up their onsite office and was unable to be reached causing delays for residents trying to understand if the service fault was before or after the parent connection point and who would be responsible. In turn this led to delays for residents trying to access crisis payments associated with power outages.

Recommendation:

- Amend billing standards to require the following information to be included on bills:
 - embedded network sellers' websites, where consumers can access concessional information, and
 - details of the retailer at the parent meter.

6. What are your views on when IPART should benchmark maximum prices for electricity and gas to on-market offers? In your response, please comment on:

a. the timing for when benchmarking should occur

b. whether in calculating the maximum prices, benchmarking should be undertaken at a point in time or averaged over a specified period.

The Tenants' Union recommends that it is appropriate to determine the benchmark in July and rely on prices in the market at a specified single point in time. To ensure that embedded network customers are paying comparable prices it makes sense to determine the benchmark at the time of year when retail offers for on-market customers generally change.

Recommendation:

- IPART to set benchmarks in July and based on a single point in time.

7. What challenges, if any, may embedded network sellers face in applying IPART's proposed maximum common factor when charging residential customers for centralised hot water, including those related to contract renegotiation? In your response, please comment on potential ways to address these challenges.

We do not consider there will be any substantial challenges for embedded network sellers to apply the maximum common factor. The introduction of a maximum common factor is essential as currently there are no guardrails around efficiency for centralised hot water systems. The burden of inefficient systems currently falls entirely on the customer. Renters in particular have no control over decisions around upgrades or maintenance and repairs to inefficient systems despite this directly impacting their bills.

The Tenants' Union supports the introduction of a maximum common factor but we are concerned that the proposed limit of 0.40MJ/litre is not a very efficient system. We understand that this reflects a system that is running at 50% efficiency. We would support a maximum common factor starting at 0.35 and over time reducing to 0.25 which provides sufficient time for embedded network sellers to undertake repairs and upgrades to old inefficient systems. Without this there is no incentive for embedded network sellers to improve the efficiency of the hot water system.

A similar approach could be applied to the charging for chilled water for air conditioning.

Recommendation:

- Implement a maximum common factor of 0.35 at implementation and lower this

maximum to 0.25 over time to incentivise upgrades and maintenance work to inefficient systems.

8. What are your views on embedded network customers not paying two separate supply charges for a single fuel source? In your response, please comment on any benefits, risks, and unintended consequences associated with this approach.

The Tenants' Union does not support two separate supply charges for a single fuel source. Embedded network sellers should not be able to double up. There is no benefit to the consumer if they are charged two supply charges and this does not align with the charging for on-market customers.. Two supply charges would erode any benefits to consumers of a maximum common factor.

Recommendation:

- Allow only one supply charge for a single fuel source.

Proposed implementation timeline for a billing standard and maximum prices for residential customers

9. What are your views on the proposed timeline for implementing the maximum price and billing standard requirements for residential embedded network customers, as set out in Figure 1 on page 13?

We support the proposed timeline for implementation but there should not be any further delay as there has already been a long wait for embedded network customers to see improved outcomes as a result of the numerous reviews that have taken place over the past 5 years. Embedded network sellers have been on notice of these changes since September 2025 and therefore there should be no further delays.

Recommendation:

- Implement maximum price and billing standard requirements within the next 6 months.

10. What additional actions could IPART take, or what further guidance could IPART provide, to support a smooth implementation of the reforms?

Provide pricing guidance

Without guidance for sellers to formulate their price points there is potential for embedded network sellers to set their prices for different customers unfairly and at their own discretion.

IPART should consult with the relevant stakeholders about ways to protect customers from unfair business practices like this which appear to have been left unaddressed in the legislative reforms around embedded networks.

Example:

An operator of a land lease community in the Northern Rivers of NSW, recently published their electricity prices on their website so that home owners and tenants in the embedded network would pay different rates per kWh. The basis for distinguishing tenants from home owners doesn't correspond with standard energy market practices or any sound reason to charge one more than the other.

Improve transparency for customers around embedded network seller contracts and pricing at the parent meter in land lease communities.

Customers in land lease communities are in realistic terms a captive customer base with restricted opportunity to exercise the same market choice as on-market customers. The majority of embedded network customers we hear from have been asking for greater transparency, and fairer prices however sellers continue to be guarded about their

contractual arrangements over the parent meter and are still charging IPART's maximum prices.

Section 77A of the *Residential (Land Lease) Communities Act 2013* was recently omitted by amendments arising from the *Energy Legislation Amendment Act 2025*. This has meant that operators and third party suppliers are no longer routinely obligated to provide customers with information relating to the charges at the parent meter or to carry out reviews of their contract at the parent meter to ensure they obtain best available offer for the embedded network, and issue notice of the outcome of the review to customers.

Obtaining comprehensive and transparent information from embedded network sellers even while section 77A was still in force had been met with resistance and conflated information from some sellers. As a result the NSW Civil and Administrative Tribunal is still determining matters relating to the repealed section.

Land lease community residents are also at risk of 'double dipping' on the cost of maintenance and upgrades to the embedded network infrastructure which can be accounted for as a pass through cost in electricity charges as well as historically being built into site fees and future site fee increases. The lack of transparency around parent meter charges supports an ongoing risk of this occurring.

Residents in land lease communities should be entitled to information about the contract and charges at the parent meter because it relates to their right to ask for a better deal and to have a transparent understanding of their overall consumer rights, experience and risk of exploitation.

Where residents cannot obtain transparency, IPART should determine if its powers can reasonably extend to having oversight of parent meter charges and contracts.

Investigate and consult on the development of separate methodologies

In NSW land lease communities make an important contribution to housing diversity and security. They are a unique housing model that would benefit from a separate pricing methodology in lieu of its residents having an inequitable experience compared with other embedded network customers. Their maximum rates should be set lower given they have less opportunity in the market.

Example:

In one community located in Northern NSW solar installations are permitted. The operator offers customers with a solar installation a feed in tariff rate of 5 cents p/kWh. The operator caps the amount for each site based on the parent connection point having a site export limit imposed under their embedded generator application to Essential Energy. Residents have no input into the application process for the amount of export capacity the community can have.

There are also communities with a feed in tariff rate of \$0 for solar produced by the resident's system.

Energy affordability for embedded network customers continues to be an issue that the Tenants' Union of NSW receives a high rate of enquiries about from land lease community residents.

IPART's recently appointed regulatory powers along with other obligations embedded network sellers have under recent energy law changes may not go far enough to produce intended outcomes such as creating competition in the market because those powers and obligations are modelled around visibility of embedded network sellers to stop them charging above the IPART maximum price determinations.

We suspect that without further pricing guidelines for sellers there may be initial efforts to reduce prices below the IPART maximum price caps but the industry is well informed and will likely return to the maximum prices as there is no genuine risk of customers living in embedded networks going elsewhere for services.

The current market place for embedded network customers does not necessarily ensure that competitive pricing reaches the end customer and this is particularly true for residents in land lease communities.

In land lease communities with embedded networks the market size stays fairly fixed. To expand on this, customers do not have easy or affordable options for leaving the embedded network; operators of communities cannot attract a greater market share because the number of sites they can supply is set; operators of communities cannot lose their market share to better offers in other communities because their customers are permanent residents who can't relocate easily.

For land lease communities the opportunity for creating cost benefits from competition and for growing market share exists in the contractual relationships between the retailer who sells bulk energy to an embedded network seller, and then cost benefits from this are shared with the owner of the embedded network (in land lease communities this is typically the operator of the community). There isn't sufficient incentive for any of these parties to forfeit their cost benefit and offer the best price to the embedded network customer.

Example:

An operator may own four communities. An embedded network seller may be able to offer the operator a better deal if they agree to enter into a contract with them for each of the communities. The seller is able to source a better deal from a large retailer for buying in bulk for the four communities.

The large retailer has increased its market share.

The embedded network seller has also increased its market share and takes a share of the profit in lieu of its services.

The embedded network seller is intent on retaining their customer (the operator) by generating the best possible profit outcome from both ends of the market (ie. buying in bulk and charging the end customer at the highest possible rate).

The embedded network operator has increased profit margins as a result.

Whether an embedded network customer obtains any pricing benefits from this is at the discretion of the embedded network seller and or operator.

We know from historical billing practices, the formerly used 'Reckless method' for electricity charges in land lease embedded networks was sufficient to cover the exact total of the operator's bill at the parent meter (but not more).

Below are some examples of the different profit margins that are able to be achieved under the current IPART method which we consider to be excessive in lieu of operators needing to meet their additional administrative and operating costs for supplying energy.

Example 1:

Land lease community in the Endeavour Energy Distribution Area with 139 sites in an embedded network and all customers receive 15 amps. The following relates to IPART's current maximum price determination.

Land Lease Community in the Endeavour Energy Distribution Area

Operator total monthly bill: \$6,597.70 for 17,850.728kWh

Charge per kWh to recoup the total cost of the operator bill: 37 cents p/kWh

Charges levied by the operator for 139 sites on 15 amps each was set at the IPART maximum cap: 36.62 cents p/kWh AND 43.548 cents for 60% discount for low amps)

Total Daily supply charge collected is - 43.548 cents x 31 days= \$13.50 per customer x139 embedded network customers = \$1,876.48

Total Usage charge collected: 17,850.728 kWh x 36.62 cents p/kWh = \$6,536.94

*Note – some of the kWh from the parent meter account will be for communal facilities that are otherwise covered in operational costs for the community.

In this example from the Endeavour Energy distribution area the operator is the embedded network seller. They are able to cover their bill with just the current IPART usage charge p/kWh and then also collect approximately \$22,000 a year. They do not have the same transmission costs or offer the same product as on-market retailers.

Example 2

Land lease community in the Ausgrid distribution district has approximately 200 sites inside of the embedded network and 160 sites are privately connected. The following relates to IPART's previous maximum price determination from 2024.

Land Lease Community in the Ausgrid Distribution Area

Operator total monthly bill: \$15,805.19 for 72,903.768kWh

Charge per kWh to recoup the total cost of the operator bill: 22 cents p/kWh

Charges levied by the operator for 200 sites on 32 amps each was set at the IPART maximum cap: 34.72 cents p/kWh AND 66.43 cents daily supply charge for 30% discount for low amps)

Total Daily supply charge collected is - 66.43 cents x 31 days= \$20.60 per customer x 200 embedded network customers = \$4,120

Total Usage charge collected: 72,903.768 kWh x 34.72 cents p/kWh = \$25,312.19

In this example the operator is able to obtain a significant profit from both the usage charge and the daily supply charge. The amount collected in excess of the parent meter charges exceeds \$100,000 in a 12 month period. The owner of the land lease community owns approximately 20 land lease communities in NSW, VIC, SA and WA.

Example 3

Land Lease Community located in the Essential Energy Distribution District.. The following relates to IPART's previous maximum price determination from 2024.

Operator total bill for 92 days: \$9,635.40 for 23,678.896kWh

Charge per kWh to recoup the total cost of the operator bill: 41 cents p/kWh

Charges levied by the operator for each site receiving over 60 amps each was set at the IPART maximum cap: 41.65 cents p/kWh AND 143.00 cents daily supply charge

Total Daily supply charge collected is - 143.00 cents x 92 days = 131.56 per customer

Total Usage charge collected: 23,678.896 kWh x 41.65 cents p/kWh = \$9,862.26

In this example the operator's bill is effectively covered by applying the IPART usage charge and the daily supply charge is likely to be nearly all profit beyond the expected cost of supplying the service to each customer.

We do not consider that the costs associated with energy transmission inside the embedded network are equivalent or comparable for energy transmission costs for the general on market setting and therefore the IPART daily supply charge is not appropriate for customers in an embedded network.

Further to this the on-market customers have greater market choice, higher amperage,

access to rebates, pay on time discounts, and sustainable energy options that most embedded network customers in land lease communities do not have. There is evidence that in a period of 12 months the additional excess that operators are able to generate is in the tens of thousands.

Customers in land lease communities do not have their interests represented or the opportunity to contribute to the decision making about the best available contract for the embedded network in a similar way as is possible for homes under strata title.

For strata schemes there are opportunities for customer interests to be heard and an opportunity for some customers to have transparent access to parent meter information as well as to vote on matters relating to the choice of retailer and infrastructure upgrades through the functions of the owners corporation.

Residents in land lease communities experience barriers to accessing solar from within an embedded network due to factors such as low amperage; the need for operator approval; and for the operator to agree to spend money upgrading their infrastructure; or to pay for additional grid protection equipment. Strata scheme properties have had more scope and opportunity to access sustainable energy options and to have taken advantage of government grants such as the Solar for Apartment Residents Program.

As mentioned earlier, passing on cost benefits to embedded network customers is not driven by common energy market performance factors such as creating competition or market growth.

Ensure notice periods for price changes

At present exempt sellers with an R4 classification under the AER Exempt Selling Guideline version 7, are not required to give notice of price changes. IPART could add this to their billing standard statement and/or consult with the Australian Energy Regulator about including a condition about notice periods to ensure that customers are afforded the same notice period protections as other embedded network customers. The notice period assists residents to budget and adjust any bill smoothing payment plans.

Confer with the NSW government to ensure approvals of new commodities are limited

We do not have enough clarity regarding whether the new laws around embedded network commodities will enable or encourage the installation of other types of commodities that have not been traditionally used in land lease communities.

Land lease communities are already a challenging and complicated area of housing with a high demographic of elderly residents. Some communities have houses located both inside and outside of an embedded network giving rise to added complexity and inequity between its residents. For example residents living inside the embedded network often receive lower amps, are denied permission to install roof top solar; solar battery storage; or EV charging ports.

If approvals are sought for other embedded network commodities to be used, it would

most likely be for the benefit of operators who are largely responsible for installing new homes. We consider consumers will be better protected if other embedded network commodities are prohibited in land lease communities.

Keep information on the IPART website up to date

Continue to evolve the information on the IPART website specific to embedded networks and become a primary source of information about embedded network services, the roles of various parties, their rights, responsibilities and the legislation governing their conduct.

In the *Residential (Land Lease) Communities Act 2013* there are multiple definitions for entities involved in the sale of electricity from an embedded network and the recent amendments to energy legislation have introduced more. The complexity makes it easy for conflating the various roles and responsibilities and can lead to misinformation and disputes.

While we acknowledge that service providers ought to be adequately and professionally educated about their responsibilities in the energy and embedded network space, it is not always the case.

Recommendations:

- Provide guidance to embedded network sellers to ensure that residents in land lease communities are not priced differently due to their tenure status
- IPART to investigate if their powers allow oversight of parent meter charges and contracts in land lease communities.
- IPART to use existing powers to investigate the different experience of customers in land lease communities by way of requesting any and all documents or information associated with the engagement of a retailer, embedded network seller and embedded network operator to determine a fairer maximum price methodology for land lease communities.
- IPART to investigate options to ensure exempt sellers are required to provide notice periods to customers for price changes
- IPART to confer with NSW Government about limiting any new embedded network commodities in land lease communities
- IPART to establish and maintain information specific to embedded networks on their website to assist customers navigate the complexity of living in an embedded network