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Orellie Tylor
Energy Policy WA
Level 1, 66 St Georges Terrace
Perth WA 6000

Regulating the provision of on-site power supply services

Dear Orellie,

Energy Consumers Australia welcomes the opportunity to provide comment on Energy Policy WA's Consultation Regulatory Impact Statement: *Regulating the provision of on-site power supply services*.

Energy Consumers Australia represents residential and small business energy users, advocating for a future Australian energy system that works for, and benefits, the households and small businesses who use it.

As the sector continues to race to meet our net zero targets, households and small businesses are increasingly finding themselves able to access innovative new products and services changing the way they think about their energy consumption and generation options. On-site power supply services are one such service offering. In its essence this service is giving many households and small businesses access to renewable energy resources in new ways. While this can be beneficial and highly attractive to many consumers, given the complexity of this arrangement, it is important that consumers who enter into these contracts understand what this means for them, how they use their energy, and their energy needs both now and into the future.

The following submission strongly supports the introduction of the Alternative Energy Service (AES) registration framework as the preferred regulatory arrangement for on-site power supply services.

In principle, all households and small businesses should be awarded the same consumer protections regardless of their energy supply arrangements. However, in practice we understand that this is not always practical or cost effective. The proposed Alternative Electricity Services (AES) registration framework presents a useful mechanism to extend important consumer protections to customers who receive on-site power supply services.

We also highlight below two key recommendations:

1. That minimum information requirements are introduced as part of a plain language one pager, separate to disclosure statements and contracts of on-site power supply service arrangements.
2. Greater consideration of the challenges and opportunities of on-site power supply service arrangements for small businesses as well as households in WA.

Attachment A sets out our response on the consultation questions.



MINIMUM INFORMATION REQUIREMENTS

Our consumer research¹ consistently tells us that 'households' and 'small businesses' are not homogenised, but unique, each with different levels of motivation, opportunity and capacity² to engage in new energy products and services but also, individual needs and expectations around information related to new energy products and services. Our Energy Consumer Sentiment Survey also tells us that only around half (56%) of households believe communications from their energy provider is useful.³

Clear, digestible, meaningful information, delivered by the right people at the right time is key to support consumer agency and choice as more innovative products and services are introduced into the market. The challenge here is delivering these forms of communication in ways that accommodates the different preferences and needs for different consumers. It needs to ensure all consumers are well informed, have access to the type, quality and frequency of information that works for them so they feel confident in their decisions around new energy products and services.

With this challenge in mind, at a minimum, we recommend specific information requirements outlined in Attachment A (based on core information requirements as part of the NETCC⁴). This information must be explicitly explained to consumers entering into these contracts.

One way of delivering this information effectively is through plain language, and as part of a one-page explainer that is separate to the detailed disclosure statement and contract provided to consumers entering into arrangements with on-site power supply service providers.

SMALL BUSINESS ON-SITE POWER SUPPLY SERVICES

Similar to households, on-site power supply services present a great opportunity for small business owners to access renewable energy resources and keep energy bills down. For example, small businesses as part of larger shopping centres, and the potential to bring down costs that contribute to operating costs in common areas (i.e. lights, air conditioning, escalators, elevators in the shopping complex).

However, there are also unique challenges and considerations small businesses face that need to be considered as part of this consultation, particularly around agency and choice of energy supplier. For example, if a landlord or owner of a shopping complex chooses to partake in on-site power supply services with the expectation that all small businesses buy their energy directly from this service provider. In this context, it runs the risk of limiting choice for the small business operators if they are required to purchase their energy from the on-site power supply service provider. This can have adverse effects on the functioning of the small business, particularly if they wish to engage a separate supplier but are unable to. This is only one example, but raises the question around the challenge of this service arrangement for different types of consumers. These considerations need to be further explored to ensure the AES is fit for purpose, flexible and capturing key groups that may be exposed to adverse outcomes, limited choice and agency.

¹ See [Insight Report: understanding the diversity of consumers and their experiences of the energy system \(2024\)](#), [Household Energy Consumer Information Research \(2023\)](#), [Energy Consumer Sentiment and Behaviour Surveys](#)

² [Acil Allen Supporting Households Framework \(2018\)](#)

³ [Energy Consumer Sentiment Survey](#)

⁴ [New Energy Tech Consumer Code \(2020\)](#)



Thank you for the opportunity to provide our feedback. If you have any questions or comments about the submission, or require further detail please contact Taneesha Amos-Hampson at taneesha.a@energyconsumersaustralia.com.au

Yours sincerely,

Jacqueline Crawshaw
Director Energy Services and Markets

ATTACHMENT A: RESPONSE TO CONSULTATION QUESTIONS

<p>Q1. What types of information should be required to be disclosed to customers in their OPS contract, and what subset of this information should be set out in a clear disclosure statement given to customers before they sign a contract?</p>	<p>At a minimum the following information must be explicitly explained to consumers entering into these contracts.</p> <ul style="list-style-type: none"> ○ Who owns the technology, who is responsible for maintenance, any performance guarantees or warranties of equipment. ○ Type and capacity of the technology or infrastructure and the different ways these will be utilised (for example how many times per month/per year the battery will be will be deployed for broader system orchestration not necessarily for the customers own direct benefit. ○ The potential for increased wear and tear on the technology or infrastructure due to deployment events. ○ The upfront costs, or monthly payments. ○ Method of payment and billing frequency. ○ Duration of the contract. ○ Implications for terminating the contract early i.e. fees and penalties. ○ Contact information for the provider for questions, queries, disputes. <p>This will ensure, at a minimum, consumers will understand what the service arrangement means for them and their energy use, as well as the wear on technology or assets over time.</p>
<p>Q.2 The draft obligations provide residential OPSPA customers with hardship and/or family violence and some life support protections from their OPS service provider. Noting an OPS service is not the customer's only source of electricity, are these protections necessary? Why/why not?</p>	<p>All customers should have access to hardship support, life support and protections in place for customers experiencing family violence. It is our view that an outcomes based discussion is more relevant than the mechanism for delivering these protections, to ensure that customers are in fact receiving the outcomes these protections intend to provide.</p>
<p>Q.3 Do you have any other comments on the proposed OPSPA code obligations?</p>	<p>No further comment on the proposed code obligations.</p>
<p>Q.4 Is licensing a suitable option to address some of the issues raised in Section 3 – Problem statement, particularly given that it will only cover some OPSPA business models?</p>	<p>Licensing is not the preferred option given the potential for increasing costs being passed on to consumers.</p>
<p>Q.5 Are the costs of licensing OPS service providers proportional to the benefits?</p>	<p>See question four</p>
<p>Q.6 What transitional arrangements are appropriate to provide for exempt SPPA providers if licensing is the preferred option for the future regulation of OPS service providers?</p>	<p>See question four</p>
<p>Q.7 Is the AES registration framework a suitable option to address some of the issues raised in Section 3 – Problem statement? (relevant to Options 3 and 4)</p>	<p>The AES registration framework is a more appropriate framework to be implemented. We see this as the best option given the costs of licensing and the NETCC's focus on the selling of new technology.</p>
<p>Q.8 Are the costs of requiring OPS service provider to register under the AES registration framework proportional to the benefits? (relevant to Options 3 and 4)</p>	<p>See question seven</p>

Q.9 Do you consider Option 3 (tailored code obligations) or Option 4 (leveraging the NETCC) to be more preferable for applying the AES registration framework to OPS services? Please provide justification for your position.	Tailored code obligations is the preferred option given the NETCC's focus on the selling of new technology rather than the ongoing service provided once the technology is installed. We also see limitations in relying solely in an industry regulated and voluntary code.
Q.10 Do you support use of the 'fast track' route to assess OPS service provider registration applications? Why/why not?	There are challenges in implementing a fast track route to assess OPS service provider registration application. In terms of ensuring the best outcomes for consumers we recommend not implementing the 'fast track' route.
Q.11 What matters should be included on the ERA's public register about OPS service providers?	At a minimum the OPS service provider should provide the following data to be included in the ERA's public register <ul style="list-style-type: none"> ○ Customer number ○ Customer type ○ Number of customers on life support ○ Number of customers who receive hardship support
Q.12 Should licensed electricity retailers be permitted to operate as an OPS service provider under authorisation of their licences (with additional licence conditions), or should they be required to also hold an AES registration as an OPS service provider? Please provide justification for your position.	In principle, all households and small businesses should be awarded the same consumer protections regardless of their energy supply arrangements. Therefore, the mechanism by which to ensure that households and small businesses with an OPS service provider are receiving the highest level of consumer protections available should be implemented.
Q.13 What circumstances should be considered for transitional arrangements?	Clear and transparent communication with both the OPS and consumers receiving energy under this supply arrangement is key for positive transitional arrangements.
Q.14 What types of obligations on OPS service providers should be subject to transitional arrangements?	All obligations outlined in the AES framework should apply to transitional arrangements.
Q.15 Please provide your views on circumstances where OPSA interact with embedded network operations and whether additional regulation is required to ensure that consumers are informed about existing contracts with OPS service providers when they buy and/or rent a property.	We strongly support disclosure of embedded networks early in the lease negotiations stage, so households and small businesses are aware they are entering into this type of service arrangement and what this will mean for their energy choices now and into the future.
Q.16 What is the best means of accessing all relevant audiences for OPS service provider educational materials?	In developing educational materials and an effective dissemination plan, robust consumer centric research is needed to test information models and communication channels to ensure it is meeting the right people at the right time.
Q.17 What materials and resources would be most suitable to help both OPS service providers and their customers to transition to the AES registration framework?	Clear and transparent communication with both the OPS and consumers receiving energy under this supply service is key for positive transitional arrangements. Information packs in plain language and webinars or workshops with OPS service providers and customers are not all, but some of the ways to ensure a smooth implementation of the AES registration framework .