

Embedded Network Conversions (retrofits) – Authorised on-sellers

Dear Resident,

Your site's owner/manager have employed a specialist **third party** – Sustainable Savings Pty Ltd via their portal Utility Shop, to undertake specific embedded network support tasks i.e., billing, coordinating move in/out, and dispute resolution.

As part of this process, Sustainable Savings as the Exempt Network Operator (ENO) must ensure that information regarding the proposed retrofit is clearly, fully and adequately disclosed, and that it has regard to a person's capacity to provide consent. If the embedded network is created at your building, Sustainable Savings will then also become the appointed Embedded Network Manager (ENM).

How will this affect my electricity supply?

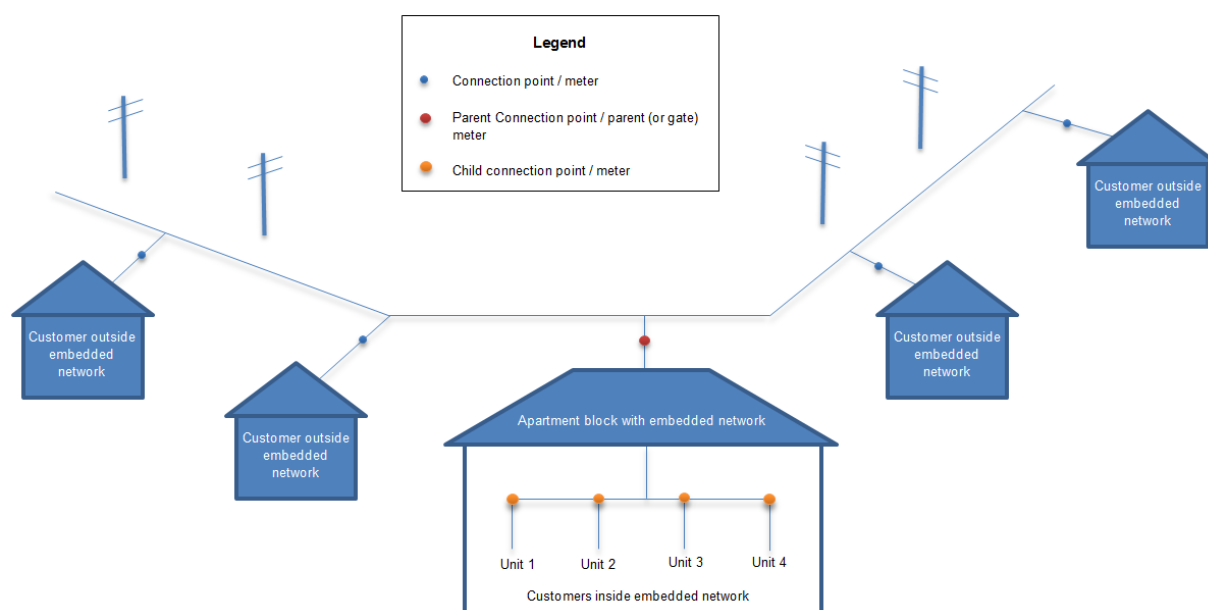
Sustainable Savings is seeking your consent to create (or 'retrofit') an embedded network. At present, you are directly connected to the national electricity grid (the poles and wires) and buy electricity from an authorised retailer of your choice.

An embedded network is created by installing a 'parent' or 'gate' meter at the front of the building (see diagram below). This will allow Sustainable Savings to buy 'in bulk' for the entire site and then on-sell electricity to you.

Sustainable Savings needs to seek your consent and may need to submit evidence to the AER before these changes can go ahead. The Australian Energy Regulator (AER) places conditions on the ENO to protect you.

Becoming part of an embedded network is a **change** to your current arrangement and will have **pros and cons**. Please read the below information carefully before you consent.

An example of an embedded network is shown below.



Who are Sustainable Savings?

Sustainable Savings is an Authorised Energy Retailer located in Norwood, South Australia. As an Authorised Energy Retailer, we are governed by the AER, ensuring you receive all of the rights and benefits available to you by law as you would with any other energy retailer. This includes access to applicable energy Ombudsman scheme and our Hardship program.

Pros and cons of an embedded network?

Potential savings

Embedded networks have the ability to provide customers with cheaper energy bills as the savings from the bulk purchase of energy are passed on. Embedded networks also enable customers to share in the benefits of solar panels, which could reduce energy costs further, if installed along with many other possible energy conservation measures (ECMs) such as lighting and AC upgrades, power factor correction, voltage optimisation and/or demand controls to name a few.

Sustainable Savings is obligated to provide you with a breakdown of all fees and tariffs and this will be supplied by via an electricity price fact sheet and your electricity supply agreement. You should carefully review this to ensure that the energy prices you are being offered are competitive. We also provide a comparison table in our Electricity flyer highlighting the difference between current on-market energy offers and our indicative embedded network offering.

It is very important you understand to compare bills on an equal basis so that differing elements like pay on discounts, stepped energy rates, daily supply charges and energy rates displayed with and without GST are not confused. We do this using the reference consumption of 4000kWh/year for a small customer tenant/resident located in South Australia. Any pricing comparisons will be made on this basis.

You can compare energy offers on the AER's **Energy Made Easy** website: www.energymadeeasy.gov.au

Access to choice of retailer

- Sustainable Savings **will price match any genuine offer** from an authorised retailer for the life of your lease.
- Sustainable Savings has conditions in place with the site's owner/manager to ensure our initial electricity retail offer must achieve a **minimum 5% discount** to the current lowest electricity rates of any customer residing at the site who provides their current rates as at the date of notice of formation of the embedded network.
- While you will still have the ability to seek a retailer of choice, as an embedded network customer, it is possible that you will have difficulty securing energy supply from an alternative retailer.
- A retailer would need to provide you with an 'energy only offer'. This may result in you receiving two bills - one for the electricity you use and one for the network charges.
- Receiving two bills increases the risk of you paying twice for network charges.
- Not all retailers provide energy only offers, and Sustainable Savings must not prevent you from moving to another retailer.

Consumer protections

You will still be sold electricity from an authorised retailer and as such, you have most of the same protections that you would receive from a retailer of your choosing most importantly including:

- access to help from energy Ombudsman schemes in the event of a dispute.
- access to energy concessions (if eligible).
- access to our retailer hardship program if you were struggling to pay your bills.

Your rights

If evidence must be submitted to the AER and it is found to be sufficient (see 'The Process' below), Sustainable Savings must, among other things:

- 1) take financial responsibility for any double billing of network charges
- 2) provide you with a clear and comprehensive bill once every three months and inform you of how your bill will be received (e.g. email or post)
- 3) refund any exit fees you may incur as a result of your current retailer no longer continuing your energy contract as a consequence of joining an embedded network

The Process

Explicit Informed Consent. Why do we need to sign 2 forms?

Under section **4.9.2 of the Guidelines for Conversion of an existing site**, the prospective Exempt Network Operator (Sustainable Savings) must obtain the tenant/resident's consent for the retrofit in a separate document, that is, the document recording the exempt customer's consent to the retrofit (EIC) must be separate to a document acknowledging that the exempt customer is selecting Sustainable Savings as its electricity supplier (Energy Supply Agreement).

Before an embedded network can be installed, Sustainable Savings must provide you with information about the proposal and ask you for your consent. This information must include:

- confirmation that meters installed will allow you to change retailers

Yes - . All meters used in the proposed exempt network are fit for purpose and will measure electrical energy delivered to a customer and will comply with the requirements of the *National Measurement Act, 1960 (Cth)* and regulations made under that Act for electricity meters and sub-meters and with the requirements set out in schedule 7.4 of the National Electricity Rules and allow for retail contestability if the customer elects to purchase from electricity from their retailer of choice.

Sustainable Savings must bear the costs of any changes to metering that take place in the course of the retrofitting of the exempt network and the creation of the embedded network. In the event you remain with your current retailer, a new meter will likely be installed by your retailer at the appointed date and there may be a charge to you from your retailer.

As Sustainable Savings are unable to confirm what your retailer will do as we have no direct authority to act on your behalf, you will need to forward a full copy of your next electricity bill or equivalent tax invoice and proof of payment that specifies the new meter charge so that Sustainable Savings may reimburse you this new meter charge to your nominated bank account. Please allow 20 business days upon receipt of your request. Please email copies of your bill and proof of payment to contact@utilityshop.com.au with subject heading: Meter Change fee reimbursement. Alternatively, this can be sent via post, or drop by our office.

- an outline of what they will do in the event that you choose to stay with your current retailer

If at the commencement of the process for the creation of the embedded network you don't agree to the EIC, that is the creation of the embedded network, two pathways can occur.

- 1) You will be either wired out of the embedded network and maintain a direct connection to the grid (this means you will not be included in the embedded network) or;
- 2) Subject to an AER review process and if over 85% consent has been achieved, upon evidence being submitted to the AER demonstrating what information you were provided with and how your consent was gathered, check consent records and consider whether any concerns raised by tenants have been addressed, we are able to wire you into the embedded network but transition you to a child meter and maintain your present retailer.

Sustainable Savings must bear the costs of any changes to metering and other network alterations that take place in the course of the retrofitting of the exempt network and the creation of the embedded network.

Under section **4.9.5 Duplication of network charges for existing tenants only** this condition applies only if the customer was a tenant or resident at the time of the creation of the exempt network.

1. Sustainable Savings must take steps to remedy any duplication of network charges experienced by tenants/residents who have entered into an energy supply contract with an authorised retailer.
2. Sustainable Savings must not charge a connection charge to any tenant/resident who enters into an energy supply contract with an authorised retailer.

To avoid any doubt, if Sustainable Savings elects to supply you via a child meter with your current retailer we will not charge for the network component of the supply should our negotiations with your current retailer fail to convert your supply to an 'energy only offer'. This is predicated on the tenant providing a Letter of Authority to engage with their authorised retailer on their behalf.

If you are a new tenant after the creation of the embedded network and elect to change retailer you will receive two bills. One for the regulated network component from Sustainable Savings and one from your energy retailer for the 'energy only offer'. Sustainable Savings will do our best to assist with avoiding double billing of the network component, but for avoidance of doubt you will receive a network bill from us should your retailer be unable to invoice you for energy component only.

- details of their dispute resolution policies and procedures

Yes- refer to our dispute resolution policy available on the Utility Shop website.

- details of the energy offer that you would receive

An electricity supply agreement and price fact sheet for electricity will be supplied for your consideration in separate documents.

Efforts to resolve your concerns

Sustainable Savings will attempt to address any concerns you may have about being included in the embedded network. They may explore options with you such as:

- being 'wired out' of the embedded network (this means you will not be included in the embedded network)
- working to keep you with your current retailer if that is your preference

Offer matching for small customers

If a tenant/resident, who would be categorised as a small electricity customer, does not consent to becoming part of the exempt network, Sustainable Savings must:

1. facilitate, within the embedded network, the continuation of the tenant/resident's electricity contract with their current retailer or
2. fulfil a request made by the tenant/resident that Sustainable Savings match any genuine electricity offer that would be available to the particular tenant/resident if they were still directly connected to the local distribution network service provider.
3. Sustainable Savings must fulfil any subsequent request by a tenant/resident to match an electricity offer if the request is made 12 months or more after a previous request.
4. In the absence of a subsequent request to match an electricity offer, Sustainable Savings need only apply the matched offer for a period of 12 months.
5. Our agreement with the Strata ensures the customer condition to the right of price matching remains in place for the entire duration we retain the right to manage and bill the embedded network.

What happens when the embedded network is installed?

At the appointed date of changeover, all existing tenant/residents will be given 10 business days' notice and Sustainable Savings will notify all authorised retailers to inform them that either:

1. the tenant/resident has chosen to purchase energy from Sustainable Savings (off-market), and request to cease billing from the date of embedded network installation. Billing will then commence from Sustainable Savings, and you will receive your final bill shortly thereafter from your existing retailer. You do not need to notify your retailer for the final meter read as this is coordinated at the time of the changeover by Sustainable Savings and the Network distributor, or
2. if the existing tenant/resident has chosen to continue to purchase energy from their authorised retailer (on-market), and to cease invoicing for network charges effective the date of embedded network installation.
3. Sustainable Savings will be appointed as the ENM to follow up with relevant market participants to request the Market Settlement and Transfer Solution (MSATS) system is updated to reflect the embedded network installation minimising instances of double charging. The ENM will work closely with the retailer to ensure they are billing suitably.

What if I don't want to change over?

If you're satisfied with your current electricity energy provider and plan, you have the option to remain with them, but we strongly recommend you look closely at this opportunity, as it will almost certainly save you money on your current charges. At the very least, Government regulations ensure that you cannot be charged more than the standing offer price, charged by your relevant local area retailer for new connections.

Where less than 100% consent has been obtained for the retrofit, evidence must be submitted to the AER demonstrating what information tenants/residents were provided with and how your consent was gathered. The AER will check consent records and consider whether any concerns raised by tenants have been addressed.

If 85% of the tenants in your building decide to switch to electricity supplied via an Embedded Network, you will have no choice but to join as the Australian Energy Regulator may allow installation to commence. In these circumstances you still have a range of options as discussed above.

Sustainable Savings must make tenants/residents aware that the AER consults on individual exemption applications and will publish the application on its website and invite public submissions.

Notice of the open consultation process will be sent to all tenants/residents by email once the AER initiates the public consultation process. During this time the AER will accept public submissions and that we would notify the tenants when the public consultation was made available including links to the public consultation. It will undergo public consultation for 20 business days which would be available on the AER website

AER's guiding principal in assessing evidence submitted by applicants is that customers should not be worse off for becoming part of the embedded network

Utility Shop representatives

Our contact details for representatives who will deal with any questions or concerns you may have over the introduction of an embedded network are detailed below. Please call or email and direct to either:

Dr Davide Ross – Embedded Network Engineering Manager

Utility Shop is a division of Sustainable Savings Pty Ltd

Level 1, 46 Magill Road, NORWOOD SA 5067

Phone: 08 7127 1510 Email: contact@utilityshop.com.au

Supplementary Information

Further information on embedded networks can be found here:

<https://www.aer.gov.au/consumers/understanding-energy/embedded-networks-customers>

The AER requirements for retrofitting an embedded network can be found in section 4.9 of the AER electricity NSP Registration Exemption Guideline: www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/network-service-provider-registration-exemption-guideline-march-2018

AER website: www.aer.gov.au

Our Frequently Asked Questions page at <https://utilityshop.com.au/>.

Glossary

Australian Energy Regulator (AER) Established by section 44AE of the *Competition and Consumer Act 2010* (Cth). Regulates electricity networks and covered gas pipelines in all Australian jurisdictions except Western Australia. This includes setting the amount of revenue that network businesses can recover from customers for using these networks. The AER also monitors, report on, and enforces the laws for the National Electricity Market and spot gas markets.

Australian Energy Market Operator (AEMO) Operates the systems that allow energy to be generated, transmitted and distributed, and the financial markets that allow energy to be sold and bought.

Body Corporate Means a controlling body of a scheme constituted under State or Territory strata titles legislation, the members of which are lot owners (or their representatives) and includes an owner's corporation but is not a body corporate for the purposes of the *Corporations Act 2001* (Cth).

Embedded Network A *distribution system, connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a Network Service Provider.*

Embedded Network Manager (ENM) A market participant who meets the requirements listed in schedule 7.7 and has been accredited and registered by AEMO as an *Embedded Network Manager*. The purpose of the ENM is to facilitate the transfer of customers from off-market to on-market (and back again if required).

Exempt Network Operator (ENO) An entity engaged in the activity of owning, controlling or operating an exempt network in accordance with an AER. Authorised to operate an Embedded Network with multiple electricity customers, and on sell electricity energy purchased as a National Electricity Market Customer as recorded by parent metering, to customers within that electrical installation. billed by the ENO.

Energy Means electricity only

Energy only contract Means the supply of electricity where the regulated network component of charges are removed from the customer's bill leaving only the retailer's margin and wholesale cost of generation. The network costs are charged separately by the ENO.

Exempt Customer Means a customer that does not belong to the Embedded Network

MSATS Means the Market Settlement and Transfer Solution system operated by AEMO where the Retailer which is registered as a market customer with AEMO and which, directly or indirectly, on-sells electricity for sale to customers. MSATS is an online system where Retailers and other market participants use this system to manage meter, network, and customer information.

Meter Means the device that measures the quantity of energy passing through it or records the consumption of energy at the customer's premises.

On-selling or selling Means an arrangement where a person acquires energy from a retailer following which the person acquiring the energy or a person acting on their behalf sells energy for use within the limits of premises owned, occupied or operated by the person.

Public Register Means a register of network exemptions published by the AER

Residential customer Means a customer who purchases energy principally for personal, household or domestic use at premises.

Retailer Means a person who is the holder of a retailer authorisation for the purposes of section 88 of the Retail Law.

Retailer of choice Means a customer can choose their own retailer

Small customer Means a customer who is a residential customer, or who is a non-residential customer who consumes energy at non-residential premises below the upper consumption threshold, as defined by the relevant jurisdiction. If no threshold is defined, 100,000 kWh per annum for electricity.