

**Submission  
No 34**

## **EMBEDDED NETWORKS IN NEW SOUTH WALES**

**Name:** Mr Benjamin Ho

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Thank you for the opportunity to respond to the Embedded Networks in NSW Inquiry. My submission focuses on points c and d in the Terms of Reference.

#### Experience with embedded networks

My experience with embedded networks has primarily been that of a consumer, in properties in both Victoria and New South Wales. My current residence has embedded electricity, hot water and gas supplied by Origin Energy. I have also observed the embedded network environment in Melbourne, Victoria where my residence there was one of the first buildings to have had embedded electricity installed around 2015-16 by Befficient By GSI Pty Ltd trading as Benergy.

The lack of regulation of embedded networks in Victoria in the mid-2010s led to adverse outcomes for the consumer. This was in the form of energy prices well over what major retailers were charging, degraded customer experience, and no access to ombudsman schemes. I also suspect that consumer law may have been breached, because these embedded network retailers promised lower prices for electricity, but the opposite was the reality.

I direct the committee to the Victorian Embedded Networks Review which made recommendations on broadly similar terms to this Inquiry's Terms of Reference.

#### c) The effect of embedded networks on NSW residents and businesses, including any health or safety concerns

There are numerous effects and consequences that embedded networks have on residents of strata schemes, mainly apartments. The main ones from a consumer point of view are a lack of choice of energy retailer and a lack of transparency of which services are provided by the embedded network operator.

In the current economic environment, energy consumers are constantly being encouraged to compare energy plans and shop around for a better deal. For residents of apartments with an embedded network, there is no ability to do this. They are locked into signing a supply agreement with the embedded network operator, even if the price is significantly higher than the default market offer. Even if the embedded network operator claims that it is possible to choose a different retailer, it is very difficult to do so.

The lack of transparency comes about due to the fact that in the majority of circumstances, you are made aware of the existence of the embedded network at a very late stage. For example: Embedded networks are not required to be disclosed in sale of land contracts (particularly when buying 'off-the-plan'); Tenants are usually informed of which services are provided by an embedded network after signing a lease by the strata manager.

These effects are significant enough to influence a person's decision. Who would willingly pay over market price for an essential service? It is grossly unfair to those who are in a disadvantaged position.

#### d) policy and legal solutions to address the effect of and concerns about embedded networks, including to address any gaps in the regulatory framework or safety concerns raised by NSW residents and businesses

Overall, I would like to see new embedded networks banned entirely. For existing embedded networks, consumer rights and obligations be brought to the same standard as traditional customers.

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