

**Submission  
No 35**

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

**Organisation:** Origin Energy

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Mr Raymond Williams MP  
Chair  
Legislative Assembly Committee on Law and Safety  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Email: [lawsafety@parliament.nsw.gov.au](mailto:lawsafety@parliament.nsw.gov.au)

Dear Mr Williams,

### **Re Embedded Networks in New South Wales**

Origin Energy (Origin) welcomes the opportunity to provide a response to the Legislative Assembly Committee on Law and Safety's (the Committee) inquiry into embedded networks in NSW.

Origin is one of Australia's largest integrated energy companies with activities spanning electricity generation, energy retailing, renewable energy, battery storage and rooftop solar and energy services provision. Origin has 4.4 million energy accounts across Australia including over 300,000 community energy services or embedded network customers. Origin completed the purchase of WINConnect in March 2022, growing our portfolio by more than 90,000 embedded electricity network and serviced hot water customers.

Origin strongly believes that all customers in an embedded network should have access to essential services at a fair price and be afforded the same customer protections as other energy customers. This is even more important as embedded networks grow as an alternative to standard supply arrangements, not just in New South Wales, but also the broader national market.

We understand the concerns of Government and regulators that the current regulatory framework may not afford customers in embedded networks the same benefits and entitlements of customers connected directly to the grid. For these reasons, we provide services to our embedded network customers under a retail licence.

As a result, our customers have access to the same protections and regulatory oversight as standard supply customers. This includes access to all applicable residential customer rebates and concessions, hardship policies, and the Energy and Water Ombudsman scheme and associated dispute resolution services. While not obligated to do so, Origin also provides the same hardship assistance and access to the Ombudsman scheme and dispute resolution services to our hot water customers within embedded networks.

These views extend to pricing. All customers, regardless of whether they are in an embedded network or connected directly to the distribution system, should have access to the best offer for their circumstances. Origin would like to highlight to the Committee that the best offer may not always be provided by a retail offer but may in fact be one that is provided by virtue of an embedded network's scale and single buyer power. It is important that these benefits are not lost to customers.

The ability to aggregate the load within an embedded network often allows embedded networks to access energy rates lower than could otherwise be achieved. Origin passes on the benefits of its scale purchases so that its embedded network customers automatically receive a rate commensurate with Origin's most competitive offers. At present we provide our embedded network customers with a usage charge that is significantly lower than the Default Market Offer (DMO) usage charge.

While Origin's approach is not necessarily followed by other embedded network operators, it does highlight the benefits that can accrue to customers. In our case, this means customers being provided with prices lower than the DMO without the need to shop around. As stated, the reason we can provide this to our customers is because of the scale and single buyer benefits of an embedded network.

Enabling access to fair prices and consumer protections was a key issue identified by the Australian Energy Market Commission (AEMC) in its recent review *Updating the regulatory frameworks for embedded networks*. We agree with the AEMC's position that extending the national energy laws and rules to embedded networks would result in improved customer protections. We also note that the AEMC's recommendations remain with the Energy Ministers for consideration.

Origin considers it important that the regulatory arrangements surrounding embedded networks remain fit-for-purpose and that customers are afforded the same customer protections and access to retail market competition as mass market customers. We look forward to working with the Committee to ensure that embedded networks in New South Wales function as intended and in the best interest of consumers.

Origin would be pleased to provide the Committee with any additional information that may assist with its review and as it develops its review further. Please contact me in the first instance if you have any questions or would like additional information.

Yours sincerely



Tim O'Grady  
General Manager Government Engagement

