

Background

The Victorian Government has committed to ban embedded networks in new residential apartment blocks, which too often lock in high costs on consumers. Exemptions will be allowed for buildings that use renewable energy micro grids to deliver low-cost renewable energy to apartment blocks.

Purpose

The Embedded Network Expert Panel (the Panel) is requested to engage with and advise the Minister for Energy, Environment and Climate Change and the Minister for Solar Homes (the Minister) on the implementation of a ban on embedded electricity networks in new residential apartment blocks.

The purpose of banning embedded networks in new residential apartment blocks is to ensure that, to the fullest extent practicable, these Victorian consumers can access the same competitive retail offers and consumer protections as other Victorian consumers.

Any Victorian consumers that will remain in residential embedded networks (including apartment blocks and other types of residential embedded networks) should also, to the fullest extent practicable, have access to the same competitive retail offers and consumer protections as other Victorian consumers.

Function and Output

The main output of the Panel will be written recommendations to the Minister on:

- how to implement a ban on embedded networks in new residential apartment blocks, including the appropriate exemptions to the ban for buildings that use renewable energy micro grids to deliver low-cost renewable energy to apartment blocks;
- how such a ban would intersect with legacy embedded networks in residential apartment blocks, including options for retrofitting or removing existing embedded network infrastructure if appropriate; and
- how to ensure that, to the fullest extent practicable, Victorian consumers in residential embedded networks (including apartment blocks and other types of residential embedded networks) can access the same competitive retail offers and consumer protections as other Victorian consumers. As part of this, the Panel should consider the frameworks for electricity, gas and any other (such as bulk hot water and variable refrigerant volume) embedded networks.

In addition to its written recommendations, the Panel's Review should also deliver written advice on:

- i. how exemptions to the ban may allow for innovative new technologies or new/existing applications and other appropriate uses of embedded electricity networks;
- ii. recommended actions for regulators, particularly in relation to compliance and enforcement;
- iii. the expected impacts of its written recommendations and the expected impacts of any of its non-preferred options; and
- iv. steps to implementation, including the timing and sequencing of recommended changes.

While undertaking the Review, the Panel should consider:

- where it recommends more than one potential option, to specify its preferred recommendation;

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- any amendments necessary to ensure that Retailer of Last Resort arrangements extend to embedded network customers;
- infrastructure and contractual barriers/opportunities to retrofit or remove legacy embedded networks;
- current regulatory regimes and enforcement options and their effectiveness;
- outcomes of government reviews on embedded networks, including from DELWP, the Essential Services Commission and the Australian Energy Market Commission;
- the interaction of its recommendations with the national energy framework and relevant building and planning legislation;
- the interaction of its recommendations with reforms related to the government's Energy Fairness Plan; and
- current embedded network retail offerings, in order to identify innovations, competitive pricing practices and the costs faced by embedded network customers, perhaps by using case studies.

The scope of the Review excludes the price cap for embedded electricity network customers.

In preparing its recommendations, the Panel:

- may attend meetings with DELWP and other government departments to discuss policy and implementation considerations;
- may meet with relevant stakeholders (including from industry, consumer groups, the Energy and Water Ombudsman and government)
- may publish written reports to guide consultation and accept written or verbal submissions from stakeholders;
- will be required to make consensus recommendations at the conclusion of its Review; and
- may brief the Minister throughout the Review on its proposed recommendations and the implications for Victorian consumers, embedded network operators and other energy retailers.

Chair

The Minister will nominate the Panel Chair.

Secretariat

The Panel will be supported in its work by the DELWP Secretariat (the Secretariat). The Secretariat will comprise a DELWP manager and staff. The Secretariat will be responsible for the administration and operation of the Panel including:

- providing all necessary project management and policy support;
- providing guidance on key technical elements of the Review;
- facilitating consultation with other State and Commonwealth Government stakeholders (such as the Essential Services Commission, Consumer Affairs Victoria and the Australian Energy Market Commission);
- drafting written material as necessary, preparing briefings and arranging meetings with relevant stakeholders and/or the Minister; and
- procurement of any additional advice required by the Panel to inform their considerations.

Completion

The Panel will be required to provide its recommendations to the Minister within 12 months of its establishment. The Panel may be asked to provide follow-up advice related to its recommendations. To allow for this, the Panel may be extended as necessary.

