

7 July 2026

Department of Energy, Environment and Climate Action
By email to: energyretail@deeca.vic.gov.au

SUBMISSION IN RESPONSE TO THE EMBEDDED NETWORKS PRICING REVIEW CONSULTATION PAPER

I am pleased to provide this submission in response to the Department's consultation paper about pricing in embedded networks.

I have limited my comments to matters within the remit of residential tenancies and the retirement villages sector rather than broader issues which other submissions may address.

Context

At the 2021 Census, there were more than 680,000 households that rented their homes in Victoria. This represented **28.5%** of all Victorian households. Nearly 89% of all renters rent their house from a private landlord, while about 11% live in the social housing sector (renting from Homes Victoria or a community housing provider).

Of the households that rent, 26.5%, or about **180,000** households, live in apartments. Apartment residents represent a significant cohort of renters who may be exposed to embedded networks.

At the 2021 Census there were more than **3,700** households living in caravan parks, residential parks and manufactured home estates. Another common source of embedded networks.

Preliminary data from the revised registration requirements for retirement villages indicates that there are more than **330** retirement villages in Victoria housing more than **31,000** residents.

These are relatively large resident cohorts including many vulnerable and disadvantaged Victorians who require access to secure and affordable energy.

Response to the Consultation Paper

Pricing

It remains difficult to tell if renters in embedded networks are paying above or below competitive market offers. For some households, the Victorian Default Offer (VDO) appears to sit around the median of all competitive offers. However, many competitive offers include

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additional benefits or conditions, such as a proportion of supply being guaranteed “green energy”. It is also hard to establish whether the additional safeguards that exist for renters in the *Residential Tenancies Act 1980* are being complied with. These safeguards include the **separate metering** requirements and the pricing restrictions for **on-selling**.

Renters often struggle to understand why the cost of their energy is higher in an embedded network for stable energy consumption. For example, one renter told my office:

I was paying less for standard electricity bills in my previous property than this place that has solar.

This partly points to the complexity of the energy market and partly to the lack of transparency around embedded network pricing. Some of this variation may also be due to appliances or network infrastructure that a renter cannot know or foresee the cost of when they sign their rental agreement.

In general terms, there is little incentive for embedded networks to offer less than ceiling price, the VDO, as there are no genuine competitive pressures to incentivise lesser offers. For renting households, rent and location are more critical to choice and they are generally “takers” of the energy arrangements in place. It is unlikely that many renters could afford or would be inclined to shift to on-market delivery if they were required to bear the cost of new metering.

The effectiveness and interrelationship between the current safeguards in the tenancy law and the regulation of embedded networks need to be reviewed to ensure that they are fit for purpose for the delivery of energy through embedded networks where switching is an impractical option.

My general principle is that a renter in an embedded network should be paying no more for the cost of their energy than they can achieve from an on-market offer for a similar service. For example, I support the recommendation of the Independent Pricing and Regulatory Tribunal (IPART) in NSW to develop a price cap for embedded networks that is based on best equivalent offer in the market.

I agree with the view expressed in the Consultation Paper that embedded networks should be able to provide users with a competitive price through bulk or wholesale energy purchasing.

I also support the Victorian Government’s proposal that embedded network price caps should extend to both licensed retailers and exempt sellers to address the current gap in the application of the cap.

Importantly, this principle also includes streamlining the process for eligible renters in embedded networks to be able to access all the applicable energy concessions and rebates in a timely manner.

If this is not possible then it is difficult to see what other value proposition embedded networks could offer that would provide a comparable benefit.

As an illustration of the difficulties faced by ordinary consumers in embedded networks, we have attached a submission from a retirement village resident about their experience with an embedded network (Attachment A). This essential point of the example is that residents even with the assistance of a service provider were either not properly informed about their energy contract or simply misunderstood how the contract would operate in practice.

Compliance

For renters in embedded networks, effective compliance requires coordinated action from the ESC and Consumer Affairs Victoria to ensure that all renters are paying the appropriate cost for energy consistent with pricing regulation in energy and the safeguards in the tenancy law. Greater transparency through mandatory reporting of prices in embedded networks would significantly improve compliance for regulators and consumers.

While this would impose further regulatory burden on small network operators, in general their pricing structure would also be simpler and any reporting requirements should be developed accordingly while providing the necessary transparency.

Reliable information and information asymmetry is a widespread problem for renters and village residents in embedded networks. One retirement village resident told my office:

“My concern is not necessarily with the existence of an embedded network itself. Rather, it is whether residents are being provided with sufficient information to understand and exercise the rights available to them under Victorian law. Retirement village residents should be clearly informed of their rights, the protections available to them, and the avenues available if they have concerns regarding pricing, billing or service delivery. Without that information, many residents are unlikely to know that these rights exist, let alone be able to exercise them.”

Renters and residents would also benefit from coordinated information and education by Consumer Affairs Victoria and the Energy and Water Ombudsman Victoria to ensure that they understand and can exercise their interrelated rights under the energy regulation and the consumer and tenancy laws.

Bundled Services

As noted above, it has been difficult to get a reliable overall picture of the prices that renters are paying, including for bundled services.

One renter told my office:

“...not only are there electricity and gas charges, there is also a hot water supply charge, which bumps up my entire bill by at least 50%. It takes up a huge portion of my energy bill! ... apparently we have an 'always on' hot water service, and it's a very expensive service. And we were not told of this prior to moving in either.”

Copies of this renter's bills are attached to my submission (Attachment B). It should be noted, it isn't clear that this renter should be paying the bulk hot water charges but this situation highlights the compliance issues noted above and the difficulty that many renters have understanding the system.

While I have not received any recent feedback from renters about billing and metering issues, I am aware of long-term problems for some renters particularly in the caravan park sector where much of the infrastructure was established at a time when permanent occupation was less common. There are also some practical issues about how meters are read and how charges are calculated by some park operators. In the apartment sector, the presence of more professional on-sellers, now including licensed retailers, does minimise these everyday problems and often provides more confidence about these issues to end users.

Some of the technological developments in the delivery of renewable energy to apartments provide potential solutions to embedded network issues including the delivery of bundled services and access to renewable energy. For example, Microgrids allow buildings to generate, store, and distribute their own renewable energy, and can include battery storage solutions, often allowing them to operate independently of the main grid during outages ("islanding"). Microgrids can be used to aggregate the rooftop solar output and share it among tenants, often reducing peak demand charges for the entire building. It will however, be important to ensure that the costs benefits of this type of infrastructure are passed through to end users including renters.

Embedded networks appear to be increasing through the growth in apartment buildings and the expansion of the residential parks sector. Given the ageing population, it is also likely that there will be further growth in the retirement villages sector. If the regulatory arrangements for embedded networks are no longer fit for purpose this raises significant risk for many of the vulnerable cohorts in those sectors.

Given the previous stages in regulating embedded networks, it is not clear what cost benefits embedded networks are currently providing for residential users, particularly for renters with limited choice. Rather than continuing down the path of incremental regulation of embedded networks, it would be worthwhile considering a long-term approach to move all currently exempt sellers into the core regulation.

Recommendations

With above in mind, I recommend:

1. Review the use of the VDO as the price cap for embedded networks and establish a cap aligned with best on-market offers.
2. Enhance the compliance capability for regulators and end users by mandating an appropriate price reporting scheme for embedded networks that balances regulatory burden with price transparency.
3. Improve information provision and compliance for renters and retirement village residents through coordinated action by Consumer Affairs Victoria, the Essential Services Commission and the Energy and Water Ombudsman Victoria to ensure compliance with energy regulation and the tenancy and consumer law.
4. Given the likely growth in embedded networks, give consideration to moving exempt sellers into the core energy regulation through legislative instruments or market consolidation.

I trust that this submission will assist the Department in its work and would be pleased to clarify any matters raised and to respond to any questions that the Department may have. Please don't hesitate to contact my Strategic Adviser, Mark O'Brien, on 0428 475 344 if you or any of your staff would like to discuss the above.

Yours faithfully,



Dr Heather Holst

Commissioner for Residential Tenancies and Social Housing
Commissioner for Retirement Villages

Attachment A: Kensington Gardens Retirement Village

Note: This information was primarily provided to the residents by NES.

Network Energy Services (NES) is engaged by the village as a billing service provider.

- Primary responsibilities include reading the electricity meters, issuing invoices, customer service and collecting resident payments, among many other things.
- NES provides annual electricity guidance to assist the Village with budgeting and cost recovery for its embedded network.
- NES advised that it operates on a fixed-fee arrangement.
- NES does not benefit financially from how resident electricity rates are set.
- All pricing decisions are made and approved by the Village before being communicated to residents.

The Village Electricity Embedded Network – Key points:

- The Village has 235 units, single brick dwellings.
- The units do not have National Metering Identifier (NMI) numbers.
- The Village has two parent meters that measure total electricity used across the site.
- The Village receives a monthly bill for each parent meter from an electricity retailer, currently Origin Energy.
- These bills must be paid by the Village each month.
- Each parent meter invoice is made up of approx. **14 different charges**:

1. Energy Charges (make up approx. 45% of total bill costs)

- These are the charges for the actual electricity used in a monthly period.
- These rates are determined by the Village's energy supply contract.
- The Village is currently on a stepped contract running from Jan 2025 – Dec 2028.
- The Residents Committee were of the understanding that the whole contract was fixed. At no stage was it explained to the residents that the contract was "stepped" and subject to increased costs.

2. Network Charges (make up approx. 40% of total bill costs)

- These are charges for transmission of electricity and site demand.
- These rates are set by the electricity distributors and approved by the Australian Energy Regulator (AER).
- The Village has no control over these rates.
- Network charges change on 1 July each year.

3. Government and Other Charges (make up approx. 10% of total bill costs)

- These include regulatory and other externally imposed charges.
- These are determined by the Government, the AER, or electricity distributors.
- The Village has no control over these costs.

Changes leading up to FY26:

- To understand why residents' rates were increased this year, we need to refer to the previous energy supply contract from Jan 2022 to Dec 2024.
- The wholesale energy market offered more favourable energy rates before 2022, and the Village was able to lock in a favourable contract for this period.
 - Peak Rate: 5.345 cents per kWh
 - Off-Peak Rate: 3.127 cents per kWh
- During 2022, there was a shift in the wholesale electricity market, which became very volatile and saw large increases in wholesale electricity costs.
- This was reflected in the FY23/24 Victorian benchmark ceiling prices for domestic customers. Households outside the Village on this benchmark pricing were paying 26% more than the year before for their electricity.
- During this volatile period, residents at Kensington were shielded from these increases at the time, receiving top of the market discounts off the benchmark ceiling prices and enjoyed stable electricity rates between Dec 2020 to Nov 2024.
- The resident rate change in Nov 2024 meant household costs on average were increased by approx. 2% (or \$18 per annum) as the Village was still benefitting from the favourable contract energy rates for the first half of FY25 (Jul 2024 to Dec 2024).

Impact of the wholesale market shift on the Village's energy charges

- The Village signed up to a new energy contract from Jan 2025. These new energy rates were still favourable, but higher than what was being paid in past years as they were in line with the current wholesale market. The first-year contract rates were:
 - Peak Rate: 7.7128 cents per kWh
 - Off-Peak Rate: 6.4999 cents per kWh
- Using the Village's annual 2025 site consumption of:
 - Peak: 207,590 kWh
 - Off Peak: 430,320 kWh
- the change in wholesale energy rates results in:
 - 2024 annual energy cost: \$24,551.76
 - 2025 annual energy cost: \$43,981.32
 - Increase: \$19,429.56
- The Village did receive some benefit of the old contract rates for the first half of FY25, so the full scale of this cost change was not felt by the Village until FY26.
- In addition to wholesale energy rates, the parent meter bills include regulated and pass-through charges, which have also increased.

FY26 Resident Price change:

- From 20 January 2026, the average household electricity costs at the Village were set to change by approx. 13% (or \$22 per bimonthly).
- This pricing still offers residents a discount off the benchmark ceiling prices and will assist in covering the embedded network costs for FY26.
- The residents were only notified of the increase in cost after this billing period had commenced.
- NES will provide guidance for FY27 in early July once the new ceiling prices have been announced. If budget advice is needed sooner, please let NES know.

- Residents have also been able to enjoy several rounds of Govt. energy relief payments, which were setup and provided to households to help with the wholesale market cost increases:
 - 2022/23: \$250 Power Saving Bonus
 - 2023/24: \$250 Victorian Energy Bill Relief fund for pension cardholders
 - 2024/25: \$300 Victorian Energy Bill Relief fund
 - 2025/26: \$150 Commonwealth Energy Bill Relief Fund, plus a further \$100 Power Saving Bonus for pension cardholders.

Attachments:

1. Energy Agreement
2. Letter to Residents
3. Extract of typical Bill

ELECTRICITY SALE AGREEMENT SCHEDULE



Origin's Email Address: businesscustomers@originenergy.com.au
Estimated Supply Date: 01/01/2025
End Date: 31/12/2028
Validity Date: 12:00pm on 18/10/2024 unless withdrawn earlier or extended by us
Payment Term: 14 days from issue date of invoice
DMA in Place: No

Agreement Years		Target Consumption	Energy Rates		
Agreement Year 1	01/01/2025 - 31/12/2025	543,000kWh	Peak	7.7128	c/kWh
			Off Peak	6.4999	c/kWh
Agreement Year 2	01/01/2026 - 31/12/2026	543,000kWh	Peak	6.8652	c/kWh
			Off Peak	6.7159	c/kWh
Agreement Year 3	01/01/2027 - 31/12/2027	543,000kWh	Peak	6.3663	c/kWh
			Off Peak	6.4841	c/kWh
Agreement Year 4	01/01/2028 - 31/12/2028	544,490kWh	Peak	6.4388	c/kWh
			Off Peak	6.8137	c/kWh

Non Energy Charges	
Metering Charge (for sites without a DMA)	\$1,260.00/meter/annum
Supplementary Metering Charge (for sites with a DMA)	\$300.00/meter/annum
Service Charge	\$40.00/site/month
Origin EnergyZone Pro Charge	\$75.00/NMI/month

19 February 2026

Customer ref: 996216001

Meter No: S2125732

We write to provide an update on the residential electricity pricing at Kensington Gardens.

The Village, in collaboration with Network Energy, are committed to keeping electricity costs affordable for residents. The electricity rates are reviewed regularly to ensure residents receive discounted rates whilst operating the embedded network in a financially responsible manner.

Due to rising costs in the electricity market, which were beyond the Village's control, your electricity rates will increase this year by approx. 13% (or ~\$22 per bi-month for the average household). Please note that even with the below rate increases, residents will continue to enjoy discounts off the Victorian Default Offer (VDO) ceiling pricing in your energy distribution region (Powercor).

Outlined in the table below are your new electricity rates (**in bold**) which will begin from your next invoice with an effective start date of 20 January 2026.

Electricity Tariffs	Previous Tariffs (GST Exc.)	New Tariffs (GST Exc.)	New Tariffs (GST Inc.)	Jul 2025 VDO Tariffs (GST Inc.)	Discount off the VDO
Daily Supply Charge (\$/day)	\$0.9812	\$1.1034	\$1.2138	\$1.3684	11.3%
Electricity GD Usage (\$/kWh)	\$0.2270	\$0.2552	\$0.2808	\$0.3009	6.6%

The FY2025/26 Victorian Default Offer pricing is available from the Victorian Essential Services Commission website (<https://www.esc.vic.gov.au/electricity-and-gas/electricity-and-gas-prices-tariffs-and-benchmarks>).

Residential Solar Export (feed-in tariff) change

Please note for those residents with solar installations, that from your March 2026 invoice with an effective start date of 20 January 2026, the residential solar export (feed-in) rate will be adjusted from 9.0 to 1.5 cents/kWh.

It is important to note that this change is being made to align with current market conditions and still provides residents with a favourable solar feed-in rate compared to the current export rates being offered by external major electricity retailers.

Should you have further questions, please contact Network Energy Services on 03) 9807 5286.

Kind regards,
Network Energy Services

ACCOUNT SUMMARY

Address: 216/80 CHANNEL RD, SHEPPARTON VIC

Previous invoice balance	\$147.36
Payments Received	\$(147.36)
Adjustments	\$0.00
Balance brought forward	\$0.00
New Charges (inc. GST)	\$195.03
Account Balance	\$195.03

Direct Debit Date

16/04/2026

Direct Debit Amount

\$ 195.03

This total includes any outstanding balance and current charges

Calculated using Actual Reads

SERVICE SUMMARY

Electricity	Start Read	End Read	Usage	Unit Price	Subtotal
Supply Charge	20/1/26	17/3/26	56 days	\$1.10340	\$61.79
Electricity Usage	41793	42258	465 kWh	\$0.25520	\$118.67
Solar Credit	16221	16453	232 kWh	\$-0.01500	\$(3.48)

Average daily electricity usage this bill period: 8.3 kWh

Average daily electricity usage cost (ex. GST): \$2.12

Sub Total \$176.98

GST \$18.05

Total New Charges \$195.03

Does someone in your household depend on life support equipment

Please contact your Community Manager within 7 days if you think this may apply to you.



Save the world, one tree at a time.

Do you really need a paper invoice?

Choose to receive them via email only.

The Victorian Default Offer is a reasonably priced electricity offer set by Victoria's independent regulator. The maximum price you can be charged is set at the level of the Victorian Default Offer.

NETWORK
ENERGY SERVICES

Account Enquiries

P: (03) 9807 5286

E: billing@networkenergy.com.au

9am to 5pm Monday to Friday AEST

Network Energy Services

PO Box 2296

MOUNT WAVERLEY VIC 3149

The Embedded Network Manager is Marden Energy Pty Ltd



ABN 55 657 976 086

Shasha Gong

Usage and Supply

For the Period 16 May 2026 - 15 June 2026

Previous Balance	\$188.09
Payment Received 16/06/2026 (thank you)	\$188.09 CR
Balance Brought Forward (from prior invoices)	\$0.00
Hot Water charges (please see over for details)	\$129.12
Electricity charges (please see over for details)	\$89.75
Amount Due	\$ 218.87
GST included in new charges:	\$18.57

Tax Invoice: 202606/807119
Issue Date: 19 Jun 2026

Account Enquiries

Call 1300 761 390
Monday - Friday 9:00am - 4:30pm
support@supaenergy.au
www.supaenergy.au

Moving Out?

Call 1300 761 390
Visit our website or call us 5 business days before you move out

Faults & Emergencies (24hrs)

Call 13 20 99
to contact United Energy

Energy and Water Ombudsman Victoria

Phone: 1800 500 509

Invoice Summary

Amount Due \$218.87
Pay By Date 08 Jul 2026

Account Number

Based on your past usage, you are on our best offer.

You can compare energy offers by visiting the Victorian Energy Compare website at compare.energy.vic.gov.au.

The Victorian Default Offer is a reasonably priced electricity offer set by Victoria's independent regulator. Contact us on 1300 761 390 to discuss the suitability of this plan for you.

Do you need assistance paying your bill?

If you are experiencing difficulty paying this bill you may be eligible for government funded rebate concessions or relief schemes.

Call 1300 761 390 or send an email to support@supaenergy.au for further details.

Manage your energy usage and control your spend.

Track your spend and consumption, set an alert to avoid any unwanted 'surprises' on your next bill.

Login to supaenergy.utilmate.com to access this free and unique service.

How to pay



Biller Code: 400390
Ref: [REDACTED]

Mobile & Internet Banking - BPAY®

Make this payment from your cheque, savings, debit, credit card or transaction account.

Registered to BPAY Pty Ltd ABN 55 657 976 086



BY MAIL

Send a cheque with this payment slip to SUPA energy Pty Ltd, PO BOX 429, South Melbourne, VIC 3205.



INTERNET BANKING

You can make payments into our bank account via internet banking:
Branch: 063 000
Account number: 1415 7222
Ref: [REDACTED]



CREDIT CARD

Pay online at <https://supaenergy.utilmate.com/paymybill> or call us on 1300 761 390 to pay by Visa, Mastercard or American Express. Surcharges apply.



BY PHONE

Call us on 1300 761 390 to pay by a Visa, MasterCard or American Express. Surcharges will apply.



DIRECT DEBIT

Set up a direct debit online at <https://supaenergy.utilmate.com> or call us on 1300 761 390 to organise a direct debit from your bank, financial institution or credit card.

SITE AND INVOICE DETAILS

Service Address: [REDACTED]
Meter Identifier: [REDACTED]
Supply Period: 16/05/2026 - 14/06/2026
Unit Of Measurement: kWh

Services Meter Reads

METER NUMBER	METER TYPE	START DATE	START READ	END DATE	END READ	TOTAL USAGE
[REDACTED]	Interval	16/05/2026	1,404.809 (A)	15/06/2026	1,601.801 (A)	190.322 (A)

E: Estimated | A: Actual

Charges on this invoice reflect your metered consumption for the billing period and is calculated from your meter readings; minor differences between start and end meter reads and billed consumption may occur due to standard industry rounding practises or delayed meter read data.

Electricity Usage Charges

DESCRIPTION	CONSUMPTION PERIOD	QUANTITY	UNIT	RATE	TOTAL
Electricity Usage Charge	15/06/2026 - 15/06/2026	3.285	kWh x	\$0.235980 =	\$0.78
Electricity Usage Charge	16/05/2026 - 14/06/2026	187.037	kWh x	\$0.262200 =	\$49.04
Daily Supply Charge	16/05/2026 - 14/06/2026	30	days x	\$1.058900 =	\$31.77
Meter Identifier Sub-Total (Excl. GST)					\$81.59
GST					\$8.16
Meter Identifier Sub-Total (Incl. GST)					\$89.75

Usage Summary

Month	Total monthly usage (kWh)
Oct 25	50
Nov 25	150
Dec 25	180
Jan 26	200
Feb 26	160
Mar 26	150
Apr 26	130
May 26	150
Jun 26	110

This period: 190.32 KWh
Average daily usage: 6.14 KWh
Average cost per day (incl GST): \$2.90

Compare Usage

Average
10.41
14.57
17.55
18.89
20.77

Average daily usage: 6.14 kWh
You use the same as a 1 person household.
Visit compare.energy.vic.gov.au to compare household usage and see where you fit.

Greenhouse Gas Emissions

Month	Emissions (tonnes)
Oct 25	0.05
Nov 25	0.15
Dec 25	0.20
Jan 26	0.15
Feb 26	0.13
Mar 26	0.15
Apr 26	0.11
May 26	0.01
Jun 26	0.01

Total greenhouse gas emissions (tonnes) for account [REDACTED] 163.68.
Visit www.climatechange.gov.au to further understand your greenhouse gas emissions.

SITE AND INVOICE DETAILS

Service Address: [REDACTED]
Meter Identifier: [REDACTED]
Supply Period: 16/05/2026 - 15/06/2026
Unit Of Measurement: kL

Services Meter Reads

METER NUMBER	METER TYPE	START DATE	START READ	END DATE	END READ	TOTAL USAGE
██████████	Interval (Water)	16/05/2026	27.321 (A)	15/06/2026	31.821 (A)	4.500 (A)

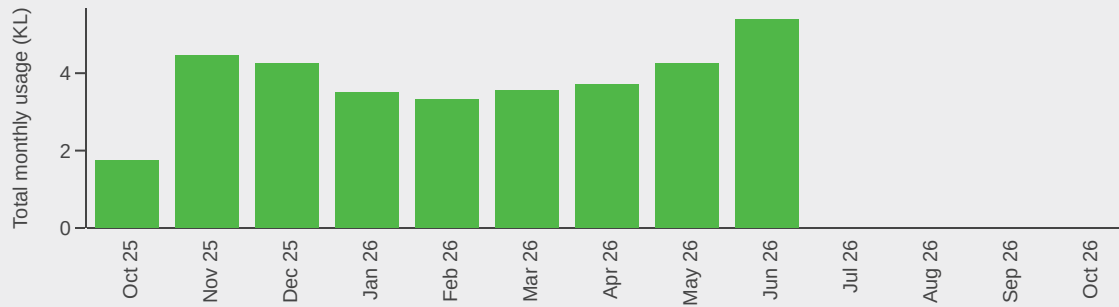
E: Estimated | A: Actual

Charges on this invoice reflect your metered consumption for the billing period and is calculated from your meter readings; minor differences between start and end meter reads and billed consumption may occur due to standard industry rounding practises or delayed meter read data.

Hot Water Usage and Gas Cooker Charges

DESCRIPTION	CONSUMPTION PERIOD	QUANTITY	UNIT		RATE		TOTAL
Daily Gas Cooker Supply Charge	16/05/2026 - 15/06/2026	31	days	x	\$0.280000	=	\$8.68
Hot Water Basic Supply Charge	16/05/2026 - 15/06/2026	31	days	x	\$0.390000	=	\$12.09
Hot Water Usage Charge	16/05/2026 - 15/06/2026	4.500	kL	x	\$18.500000	=	\$83.25
Cold Water Recovery Charge	16/05/2026 - 15/06/2026	4.500	kL	x	\$3.264250	=	\$14.69
Meter Identifier Sub-Total (Excl. GST)							\$118.71
GST*							\$10.41
Meter Identifier Sub-Total (Incl. GST)							\$129.12

Usage Summary



This period: 4.50 KL
Average daily usage: 0.15 KL
Average cost per day (incl GST): \$4.17

Life Support

To register life support on your account, or for more information, please contact our customer service team.

Concession and Rebates

Energy concessions may be available to eligible customers. Government concessions and rebates can help reduce the cost of essential services for some households. For more information, visit supaenergy.au/help-support or call us on 1300 761 390.

Interpreter Services

Call 131 450 for the Translating and Interpreting Service to speak to someone in your language.

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