



# VCOSS response

## Registration guideline for non-licensed electricity providers

February 2018

### Background

VCOSS welcomes the Essential Services Commission's (ESC) consultation on the registration guideline for the forthcoming register of non-licensed electricity providers.

In Victoria, most electricity is provided by businesses licensed by the ESC. However, some electricity is provided under non-licensed arrangements such as embedded networks, in caravan and residential parks, apartment buildings, retirement villages and other types of housing. These non-licensed electricity providers comprise:

- electricity *sellers*, who provide services usually provided by licensed electricity retailers (i.e. billing and other retail services), and
- electricity *suppliers*, who provide some of the services usually provided by licensed electricity distribution businesses, by owning and/or operating the network infrastructure required to distribute electricity to the household from the main meter connected to the National Electricity Market.

Victoria is introducing a registration scheme for non-licensed electricity providers, who must register their details with the ESC by 1 April 2018. The register will be publicly available and is intended to bring transparency to alternative arrangements for the sale and supply of electricity. Ultimately, it will enable consumer protections to be enforced against non-licensed electricity providers.

### Importance of the register for people on low incomes

Some of the most vulnerable Victorians receive electricity from non-licensed providers, including people on low incomes living in caravan parks who cannot afford other forms of private housing or access social housing. As the South Australian Council of Social Service notes, in addition to limited income, people living in caravan parks can face 'higher reliance on electricity for both heating and cooling given the relatively poor thermal insulation of the typical caravans and residential dwellings in the parks', and therefore a greater risk of financial hardship than the general population.<sup>1</sup>

Retirement housing is another common site for arrangements such as embedded networks. Retirement villages, residential parks and independent living units are a major form of housing for older Victorians. We also note apartment developments are increasingly

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<sup>1</sup> South Australian Council of Social Service, *The retail and network exemption framework: Emerging issues for consumers—Report on the growing concern with consumer protection arrangements for exempt consumers*, December 2015, 12.

adopting embedded networks for electricity supply. These developments can include affordable housing for people on low incomes, delivered under inclusionary zoning, the National Rental Affordability Scheme and other initiatives.

It is therefore important the register contains an appropriate level of detail that allows people to identify and contact their electricity provider in order to obtain information, resolve problems and enforce their rights, including in situations of financial hardship.

Under legislation, the register will contain:

- the name of the electricity provider
- the type of activity being carried out (e.g. selling electricity in a caravan park)
- the date from which the registration is in force
- whether the provider is currently undertaking the registered activity.

The ESC proposes the register should also contain the following additional information:

- the provider's ABN/ACN
- the provider's trading name
- the provider's customer contact details
- the site name where the supplying or selling is taking place
- the site address where the activity is being carried out.

In order to understand the scale and scope of this part of the electricity market, the ESC also proposes to collect the following information, but not publish it on the public register:

- information to ensure the activity being undertaken does not require a licence
- the network owner's name and contact details if different to the operator
- the number of customers being supplied or sold electricity
- estimated aggregate yearly electricity consumption at the site.

This submission makes a number of recommendations to ensure all providers are accessible to people using non-licensed electricity providers.

## **Ensure all 'providers' are captured by the register**

VCOSS wishes to ensure all 'providers' are required to register, including any agents or intermediaries used by entities that are ultimately responsible for electricity sale or supply.

The ESC states non-licensed providers must register their details if they sell or supply electricity to:

- 10 or more small commercial/retail customers within the limits of a site they own, occupy or operate
- 10 or more residential customers within the limits of a site they own, occupy or operate
- residents in retirement villages
- anyone in caravan parks, holiday parks, residential land lease parks, and manufactured home estates, and
- large customers.

Solar power purchase agreement providers and some community energy projects will also need to register with the ESC.

On one view, third parties such as agents and intermediaries could be considered sellers or suppliers, but this is not clear from the draft decision. We request the ESC clarify exactly which persons are required to register.

It is important the register contains all entities that households and the dispute resolution body may need to contact in order to resolve problems. Some sale/supply arrangements will be relatively straightforward, involving only one entity who handles all activity relating to electricity provision. Other arrangements will be more complex, with two or more parties involved in the activity. For example, owners corporations and retirement villages may outsource some functions to specialist businesses that provide billing and other retail services, or there may be multiple layers of owners and operators involved in electricity provision, such as where a caravan park operator leases the site and operates an embedded network but does not own the infrastructure.

These arrangements mean different people may need to be contacted for different problems.

In some cases, an agent or intermediary that has day-to-day dealings with residents may be best placed to resolve issues relating to interrupted supply, pricing/charging, billing, payment difficulties, disconnection, reconnection, consumption data, and inaccurate meter readings.

At other times, it is important households and the dispute resolution body be able to identify which entity is ultimately responsible for electricity provision, including where a third party involved in sale or supply is unresponsive when problems are raised or is not empowered to resolve the problem. The ultimate electricity provider should not be able to hide behind an agent or intermediary and avoid their responsibilities to consumers.

By requiring registration of all entities involved in electricity provision, the register can bring accountability to these arrangements, and enable enforcement of consumer protections by individuals and the dispute resolution body.

## **Collect adequate and accurate contact details**

In the experience of some VCOSS members, it can be difficult to identify the individuals who sit behind entities operating housing for vulnerable people, including rooming houses, caravan and residential parks, and retirement villages.

To help prevent similar problems in electricity provision, we suggest that along with the provider's ABN/ACN, trading name and customer contact details, the ESC collects information on the registered office of the provider (where the provider is a registered company) and the principal place of business of the provider (in other cases).

If the provider proves difficult to contact, the ESC or the dispute resolution body could obtain the names of directors via an ASIC search, where the provider is a registered company. Where a provider is not a registered company, we suggest the ESC collects the name of the provider's owner/operator on the register.

Some VCOSS members have also noted recalcitrant housing operators sometimes provide inaccurate or misleading information to regulators to try to evade enforcement. This can include bogus organisation names. To avoid similar problems, the ESC can confirm whether

a provider has given bona fide details by cross-checking the information against ASIC's registers and any other relevant registers.

## **Publish information on the scale and scope of the market**

We welcome the ESC collecting information about the scale and scope of this part of the electricity market. While these details will not be publicly available on the register, we request the ESC presents this information in aggregate form in its public reports. As part of that reporting, it would be helpful for the community sector to receive information about the extent of non-licensed electricity provision/embedded network arrangements in specific types of housing, including caravan and residential parks, apartment buildings, and age-based housing such as retirement villages.

We thank the ESC for consulting on this issue and look forward to further refinement of the register and development of consumer protections.