

Reforming Prices for Customers in Electricity and Gas Embedded Networks

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About Housing for the Aged Action Group (HAAG)

Housing for the Aged Action Group (HAAG) is a member-based, community organisation specialising in the housing needs of older people. HAAG has more than 1,000 members across Australia actively working towards achieving housing justice. Established over 40 years ago as a grassroots movement, HAAG has developed a robust service delivery arm in Victoria and has a strong presence in advocacy for older people experiencing housing and homelessness related issues across Australia. During the 2024-25 financial year, HAAG supported over 2,600 older Victorians.

We welcome the opportunity to provide input into the consultation on Reforming Prices for Customers in Electricity and Gas Embedded Networks. This submission is based on our experience delivering housing and related support services to older people, research and lived experiences of older people experiencing housing stress or homelessness. We especially acknowledge the contributions to this submission made by members of HAAG's lived experience advisory groups including Retirement Accommodation Action Group (RAAG), LGBTQIA+ reference group members, as well as other HAAG volunteers and staff members who contributed to the consultation process.

1. Introduction

Many older people supported by HAAG are on low incomes, relying on income support payments and are not homeowners. Energy affordability, energy efficiency, and access to renewable energy are increasingly raised as critical issues affecting their ability to age safely and with dignity. Increasing cost of living pressures also mean that older people are unable to afford high utility bills, manage cost of medication, food and other essentials. Although many of them are eligible for some government subsidies and financial supplements, we have seen how challenging these concessions are to access for older people who are on embedded networks.

Embedded networks have the potential to provide cheaper power to residents through bulk purchasing arrangements and access to renewable energy. However, as considered in the Embedded Networks Review[1], too often, this does not occur. Many people, especially older people on low incomes feel trapped in unaffordable energy plans.

For older people, these arrangements often result in:

- Barriers to choosing their own retailer to access better offers,
- Limited transparency about pricing,
- Fewer consumer protections, including weak dispute resolution pathways, and
- Higher costs for utilities.

[1] https://engage.vic.gov.au/embedded-networks-review

'Lots of residents in the village don't believe the electricity charge is equal to the VDO [Victorian Default Offer]. There's no way of knowing if the rate is at the VDO level'

HAAG Retirement Accommodation Action Group member.

Older residents, particularly those with limited digital access or English as a second language, are disproportionately affected by complex contracts and opaque billing practices, despite being one of the groups most in need of affordable energy.

For more detail about the challenges faced by older people with embedded networks, see Housing for the Aged Action Group's submission to the Embedded Networks Review (Draft Recommendations Report).[2]

2. Recommendations

1. Increase transparency in relation to embedded networks in retirement accommodation settings including fee structures (that comply with the Victorian Default Offer -VDO), how solar power is used and benefits shared with residents.
2. Mandate retirement housing providers to issue detailed price breakdowns of utility charges and maintenance costs.
3. Ban unfair charges in embedded networks such as service fees for meter reading.
4. Ensure competitive Feed in Tarriff (FiT) rates are commensurate with best market rates are offered to residents with solar panels.
5. Improve pricing transparency, consumer protections, and access to dispute resolution for people in different types of embedded networks.
6. Apply energy concessions and rebates automatically for consumers in embedded networks on fixed incomes such as Age Pension/Job Seeker payment or on low incomes.
7. Unify pricing regulations for embedded electricity retailers and exempt persons with clear requirements for them to provide electricity below VDO.
8. Extend relevant pricing regulations and protections that are applicable to electricity and gas embedded networks to other bundled services such as hot water and internet.

[2] https://www.oldertenants.org.au/publications/submission-the-embedded-networks-review

3. Costs to customers in embedded networks

The costs of electricity, gas or other embedded network utilities such as hot water largely depend on the provider. There are significant differences across the housing types, availability of solar panels and inclusion of other bundled services.

Even where the embedded networks offer rates at the lower end of the VDO, often it is one flat rate for supply. However, off-peak rates are generally much lower than the VDO rate – a benefit that is not passed onto low-income residents in embedded networks. As most older people HAAG supports are retired, they are able to use high energy consuming appliances during the day if they were able to access peak and off-peak rates.

> *"I try to keep my bills low and not use much of it [electricity]. We pay $0.27 all day but if I could get a different plan, they have off peak or shoulder rates around $0.20. I can heat the room or use the washing machine when it's cheaper. We also won't get the free electricity during the day … I don't know how much it would save but when you're on Job Seeker, every dollar counts."*
>
> *HAAG volunteer in an embedded network in Community Housing*

In addition to the lack of choice and control in relation to the utility provider to find cheaper options, people in embedded networks also lose out on sign up credits or bonuses and/or discounts for bundling services other customers receive when they switch providers.

3.1 Embedded network customers in community housing

Community housing provides an affordable and safe housing option for many older people on fixed incomes. Those who move to community housing units with embedded networks have found that their electricity bills have increased significantly even when their usage was similar to their last place of residence.

Where utilities are bundled such as electricity and hot water, the bills were higher and some experienced challenges with transparency from housing providers about the price breakdowns.

Case study 1

Mary* is an older resident in a community housing unit. She currently pays 30% of her income on rent (on top of Commonwealth Rent Assistance) and a service charge of $65 a fortnight which includes electricity. This equates to roughly 8% of Mary's fortnightly income. She has asked for an itemised breakdown to see what these charges mean but her community housing provider has not responded to her requests.

Mary feels that she might be paying more than her actual usage and if she was able to access market options, she would be able to find a more affordable utility provider.

**Name and identifiable information have been changed for privacy*

Case study 2

Anne* is an older woman who moved to a newly built block of units in November 2025 managed by a community housing provider. The units are a mix of market rent, affordable and community housing. Since moving to the property with the embedded network, her electricity bills have gone up considerably. She also noted that both electricity and internet are bundled, and she does not have choice with providers who may offer a better price.

Anne had a 'pocket wifi' device with 30GB a month that cost her $20. However, in the new unit she has no choice but to pay $60 per month for internet.

When she inquired about opting out of internet services, she was informed that internet is bundled with electricity and the building's intercom system and the security camera on her door are connected through the same system. This has resulted in Anne paying an additional $720 a year on a service that she feels she does not need.

Although there is rooftop solar, Anne feels there is no transparency in relation to how the electricity generated through rooftop solar is used to reduce the residents' energy bills and it is likely being used to offset the electricity used in shared spaces of the building.

**Name and identifiable information have been changed for privacy*

Case Study 3

Laura* is an older woman in a co-operative housing unit that was newly renovated. She has lived in the property for nearly 12 months.

She was informed that the electricity prices would be 10% below the VDO and that they are unable to change the embedded network provider for 10 years. She feels that there are better market providers at lower rates than what she is paying now. Given the introduction of free 3 hours with other competitive market offers for electricity and discounts offered when switching providers, she wishes she had the flexibility to shop around and find a cheaper provider.

**Name and identifiable information have been changed for privacy*

Case study 4

Greta* is an older woman from a migrant background who lives in a community housing managed unit in a mixed dwelling with private rental properties, affordable housing and community housing. She does not speak English and has limited digital literacy. The building has embedded electricity, hot water and internet. Greta believes that the company that owns the building also owns the energy company as they share similar names and branding.

The embedded network provider's website specifically says '*No lock-in contracts. Change providers at any time if you aren't satisfied.*' However, both electricity and hot water bills specifically mention 'embedded network manager'. HAAG's Care finder team member has been trying to find out more information about changing providers but has not been able to get clarity on the possibility of changing the energy provider for a better offer.

The energy provider's website claims that they provide affordable accredited 100% solar energy at a cheaper rate. Even if the green energy is generated in the block of units that Greta is in, there is no discount based on the amount of solar energy generated in the building.

The embedded network provider has been charging Greta $2.86 every month for a paper bill for both electricity and hot water, but she did not receive a paper copy. It took a number of attempts over the phone and via email from the HAAG staff member to speak to the energy provider to stop them from charging for paper copies and get a refund for previous bills. The Staff member also had to explain to Greta that she will be able to access the concessions without the paper bill as long as she had copies of the bills in her emails.

There is no information about applying for concessions on the energy provider's website. As Greta experiences multiple challenges with digital literacy and accessing information in English, the Care finder staff member will need to assist her with applying for the government energy concessions.

**Name and identifiable information have been changed for privacy*

3.2 Embedded networks in Retirement Housing

The benefits or disadvantages of being in an embedded network in retirement housing, caravan park or Independent Living Unit vary significantly on the discretion of retirement housing management. The challenges these residents experience create confusion and inequity with limited options for recourse.

Case study 5

Ruby* is in a caravan park where the park owner keeps expanding the sites to accommodate more caravans. The weekly rent in the park includes electricity and is provided to individual caravans through an embedded network.

"The owner of the park keeps adding new sites. Is the government clear on how many individual units the embedded network providers are servicing to accurately and adequately regulate them?"

The registration requirements for embedded electricity providers are unclear and applying for subsidies and concessions become increasingly challenging for residents due to lack of transparency.

**Name and identifiable information have been changed for privacy*

One of the key challenges for those in retirement housing apart from the lack of choice and control over the electricity provider is the additional charges placed on the residents. Some villages charge the residents a service fee specifically for meter readings of electricity and other utility services.

Case study 6

Alan* is in a retirement park with an embedded electricity network. The village charges residents $112 service fee every quarter for meter readings. This fee was $48.00 three years ago when Alan moved into the park and has increased over time. This meter reading service fee cost the residents $448 a year.

This cost could be eliminated if they were able to install smart meters for their units.

"We asked why we have old fashioned meters and we were told – 'that's the way it is and that's how it goes. If you want to change it, it's a $1,000 out of pocket.' If we were able to change providers, the provider bears the cost of installing it [the smart meter]."

Alan's village has solar panels on roofs of common areas, however, he believes that the village operators use the energy generated from the network to off-set costs of maintaining the common areas and are not passed on to the residents.

His neighbour Mel* has solar panels installed. She paid out of pocket for this installation. This feeds directly into the parent meter and gets distributed back to the residents. Although the

park managers claim that a deduction has been made to account for solar generated, there is no transparency in relation to how energy much was generated and what her FiT rate is. As they are in an embedded network, she unable to access higher FiT for solar she generates as she is unable to change providers.

**Name and identifiable information have been changed for privacy*

Case study 7

Peter* is in a retirement village with embedded electricity. The village also has rooftop solar on shared facilities and Peter paid for panels on his roof. Peter's electricity bills contain a solar credit deduction. Although the electricity related general charges are on par with market offers, the solar feed in tariffs (FiT) are quite low.

His last bill was approximately $170.00. During that period, his solar system generated 539kWh at a unit price of 0.033 which equated to a deduction of $17.79. If he was able to change to a different provider at a competitive price, he believes his FiT would be around $200 and he would have a credit balance for his current bill.

They also receive text messages from park management on certain days with 'reduce demand requests' where the provider asks residents to reduce electricity usage as a way of keeping overall electricity bills lower for the village. The residents feel this is an unfair request and would not be happening if they were supplied electricity from a mainstream electricity provider.

**Name and identifiable information have been changed for privacy*

As highlighted, where solar panels are installed in retirement housing the power generated may be used for communal purposes. However, operators often do not disclose how the power is used, and if there is any benefit to individual residents. Residents also feel that they are paying for maintenance and upkeep of solar related costs without seeing any personal benefits from it.

> *'There are panels on the shed, and several batteries, that supposedly feed into the grid at the caravan park. But no information is provided to residents about how much of this electricity subsidises residents' power. The solar was also meant to be a backup for the gates and water pump if the mains power goes down. But when there's an outage we have to operate the gates by hand and there's a generator for the water. Where there's*

renewable power residents need to be given information about what that's for – is it for subsidising residents, or for specific roles like common facilities, or is it fed back into the grid for income for the park owner?'

HAAG Retirement Accommodation Action Group member

In addition to these, some residents in retirement villages are unable to install solar panels and batteries on their own units as they have to obtain consent from the managers of the village.

Case study 8

Mick* is in a retirement park and was hoping to utilise the government subsidies to install solar panels and a battery in 2024. He obtained three competitive quotes and approached the park management. However, they are refusing the installation as the park is on an embedded network.

The specific challenges highlighted to Mick include the inability of the embedded network to support the installation of solar as a 'microgid' that will not be exporting. Mick's communication clarifies that he intends the solar system purely for self-consumption and they do not intend to export energy. However, the management is refusing to allow him to proceed citing technical advice the park received from the embedded network operator which contradicts technical advice that Mick himself received from the energy distributer.

The lengthy negotiations to install solar panels meant that Mick has missed some of the deadlines to apply for rebates such as the Federal Government Batter Rebate. The lack of transparency means Mick is unable to get clear information about the technical aspects of having solar panels and a battery inside an embedded network.

Mick has been unable to receive clearer communication from the retirement accommodation provider in relation to the refusal and is intending to take the matter to Victorian Civil and Administrative Tribunal (VCAT).

**Name and identifiable information have been changed for privacy*

As demonstrated above, there is no consistency between retirement accommodation providers in relation to how the solar power generation benefits are distributed to residents. There is a lack of regulation in relation to protecting the interests of people with solar panels and filtering the benefits of solar generated power to residents. There is a direct correlation between cost of energy in embedded networks and the benefits to exempt persons or retailers from the electricity generated through solar. Therefore, there should be increased transparency in relation to how solar generated energy is distributed through the embedded network. This

should also include competitive rates for those who have solar panels that correspond to competitive market rates.

Recommendations

- Increase transparency in relation to embedded networks in retirement accommodation settings including fee structures (that comply with the Victorian Default Offer), how solar power is used and benefits shared with residents.
- Mandate retirement housing providers to issue detailed price breakdowns of utility charges and maintenance costs.
- Ban unfair charges in embedded networks such as service fees for meter reading.
- Ensure competitive FiT rates commensurate with best market rates are offered to residents with solar panels.

3.3 Embedded networks in private rentals

The number of older people renting as they reach retirement age is increasing. Many older people who are on limited incomes or relying on income support payments are already struggling with cost of living and rental stress. Having choices in relation to utilities can ensure that they are able to access the most affordable service options.

The discussion paper refers to the prohibitive costs to upgrade infrastructure or install a new meter for customers in embedded networks,[3] However, it fails to note that this is an option for homeowners and not renters. The discussion is silent on private renters who are in homes with embedded networks where the landlords are required to pay for these upgrades.

Case Study 9

Bree* is an older renter in an apartment with a bundled embedded network for electricity, hot water and internet.

When they were informed about the embedded networks in the building, she assumed it would mean that the bills would be cheaper. However, the rates offered to them are higher than what they could find if they had a choice. The embedded network provider has also gradually increased the daily supply charges and electricity charges over the years.

The default internet service which is the same as the embedded electricity provider is at least $20 more expensive than what they can obtain from a competitive service. This is a $240 additional expense a year that Bree could save if she was able to access market offers.

[3] https://engage.vic.gov.au/embedded-networks-review

On top of this, the provider charges a credit/debit card transaction fee. There are no options to pay in cash.

"It's a $1 or $2 here and there but when you're getting 3 separate bills each month with all these extra charges – we are probably paying about another $30-$40 a year without even realising it … I wish we could choose our own providers."

**Name and identifiable information have been changed for privacy*

Recommendations

- Improve pricing transparency, consumer protections, and access to dispute resolution for people in different types of embedded networks.

3.4 Application of concessions and subsidies for those in embedded networks

Older people also report significant difficulty obtaining the energy concessions they are entitled to in settings with embedded networks. As their meters are not directly connected to the main grid distributor, concessions are not applied directly to their electricity bill. Instead, they have to pay the full amount upfront, then undertake a convoluted process of an annual concession application.

> *It is near impossible to access concessions if you're not the account holder. There's no support or information in an easy to understand format. Without support for people, it would be impossible to access them.*
>
> HAAG volunteer in an embedded network

The Energy and Water Ombudsman Victoria fact sheets claim that 'In many lifestyle or retirement villages, the village management will apply for the concession on behalf of its residents. The village will collect the concession card information when customers move in and ask for consent to apply on their behalf. The village will apply at the end of each year for all eligible residents. If the village does not apply on the customer's behalf they will need to submit an application along with energy invoices for the year.'[4] This is not the experience of residents HAAG has spoken to. Those who have been successful in applying for the concessions have advocated for themselves. In some cases, residents were not provided invoices for the year to submit with their applications.

> *"The system assumes people have digital capacity like access to computers, internet and data to download their invoices from their email or online portals and submit. A lot of*

[4] https://www.ewov.com.au/fact-sheets/concessions-and-grants

people we work with would miss out if they didn't have a support person to retrieve these for them and apply online."

HAAG Care finder team member

For those who pay for energy as part of their rent or an additional service fee, the application for concessions is unnecessarily challenging and complex.

"We had to go through a long process to apply for the subsidy. I have assisted about 45 people in the (Caravan) park to apply for these using our receipts that say rent included. ... The more recent receipts from the park do not say that and I'm not sure how we can access the concessions."

HAAG Retirement Accommodation Action Group member

There is little clarity in relation to the application process for concessions or subsidies when older people move from a single metered home to a unit in an embedded network.

"I emailed the new provider and asked them if they would apply the concession that I already had before I moved to the new place. The embedded provider responded saying they are not able to apply the concession and I have to go through the DFFH process when I have already done that."

HAAG volunteer in an embedded network in Community Housing

Recommendations

- Apply energy concessions and rebates automatically for consumers in embedded networks on fixed incomes such as Age Pension/Job Seeker payment or on low incomes.

4. Addressing discrepancies in pricing

There are numerous discrepancies with electricity and gas embedded networks as well as within electricity retailers and exempt persons. The application of regulations in relation to exemptions and pricing limits is complex and difficult to understand. This can limit consumer's abilities to exercise their rights. Therefore, it is critical that these processes are simplified and there is uniformity in the application of the rates for utilities. This should include providing the lowest rate possible for the consumer as they are foregoing choice of providers as a result of being in an embedded network. Any price review by the embedded network provider should clarify the VDO rate and the percentage (i.e. 10% or less below VDO) that is being passed to consumers.

In relation to gas embedded networks, the introduction of a price limit from 1 July 2027 similar to VDO is a welcome development. However, it is important as part of these changes to

introduce measures to protect the interests of people in gas embedded networks including the cost sharing across all gas users in an embedded network.

Where people are in embedded networks that are bundled with other utilities such as hot water or internet, the providers must be mandated to offer competitive market rates for those additional services.

Recommendations

- Unify pricing regulations for embedded electricity retailers and exempt persons with clear requirements for them to provide electricity below VDO.
- Extend relevant pricing regulations and protections that are applicable to electricity and gas embedded networks to other bundled services such as hot water and internet.

5. Conclusion

Affordable energy is not a privilege of home ownership. It is essential for health and wellbeing of older people, especially those relying on income support payments or on low incomes.

HAAG urges the department to ensure that older people - particularly renters and residents without choice or control - are placed at the centre when considering measures to apply fairer prices for consumers in embedded utility networks.