

1 July 2025

Ms Stephanie Jolly
Executive General Manager, Policy
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Online at: AERexemptions@aer.gov.au

Dear Ms Jolly

Review of the AER's exemption framework for Embedded Networks

Thank you for the opportunity to comment on the proposed new retail conditions in the *Retail Exempt Selling Guideline Version 7* ('Retail Guideline').

The comments contained in this submission reflect the feedback of the Energy & Water Ombudsman NSW (EWON), Energy & Water Ombudsman South Australia (EWOSA), and Energy and Water Ombudsman Queensland (EWOQ). We are the industry-based external dispute resolution schemes for the energy and water industries in New South Wales, South Australia, and Queensland.

Energy and Water Ombudsman schemes (EWOs) welcome the inclusion of the two additional requirements under consultation for inclusion in the Retail Guideline and provide the following comments:

Proposed condition 1 – Requiring an exempt seller, who on-sells to residential customers, to include contact details of the relevant energy ombudsman scheme on their customers' energy bills.

EWOs advocated for the inclusion of a new requirement in the Retail Guideline to include energy ombudsman scheme contact details on exempt customers' energy bills and strongly support this proposal. This new requirement will mirror the current requirements under the Better Bills Guidelines (which requires a retailer to publish these details on on-market customer bills) ensuring embedded network customers are aware of the existence of EWOs as the relevant external dispute resolution agency.

We agree that residential park owners with less than 30 permanent residents should be exempt from a mandatory requirement to limit the administrative burden and costs of implementing this change. However, we would encourage smaller operators such as these to ensure exempt customers have an ongoing awareness of the existence of EWOs and where possible, publicise our service in other ways such as displaying flyers or brochures in common areas. EWOs will also continue to provide resources and support for our members of all sizes to ensure customers are aware of their right to access external dispute resolution - emphasising that robust provider complaints processes and access to ombudsman offices are crucial for consumer trust.

Proposed condition 2 – Requiring an exempt seller to refund any credits applied to its customer's account upon termination of the customer's energy supply agreement.

As energy ombudsman, we regularly receive complaints where exempt sellers, upon termination of a customer's energy supply agreement, have failed or refused to refund credits that have been applied

to the customer's energy account. This is a common experience across all exemption classes, more so in units (R2) and caravan parks (R4) where tenants move around more frequently.

For customers that reside in R3 and some R4 (Manufactured Home Parks) the shared issue we see is that when the exempt seller refuses to allow transfer or refund of the credit the occupants may never enjoy the benefit of the rebates. This is because this is primarily their retirement space, and they are more likely to pass on with their accounts still reflecting high credit balances. There are a range of other scenarios where exempt customers have sought assistance from EWOs where credits have not been refunded. Further case examples are highlighted in Attachment A.

Based on these experiences, we strongly support the introduction of a requirement for exempt sellers to refund any credit applied to an exempt customer's account, upon termination of the customer's energy supply agreement, and agree it is necessary to ensure customers are not denied their rights to be able to access such financial support or funds. We further agree this condition should not be limited to credits resulting from energy rebates but also apply to other credit scenarios like overpayments. We note the AER is proposing this new requirement sit under existing Condition 22 (Termination of energy supply agreement) in the Retail Guideline. We concur it is best placed within this Condition.

If you require any further information regarding our submission, please contact Dr Rory Campbell, Manager Policy & Systemic Issues (EWON) on 02 8218 5266, Mr Antony Clarke, Policy and Governance Lead (EWOSA) on 08 8216 1861, or Mr Jeremy Inglis, Manager Policy and Research (EWOQ) on 07 3212 0630.

Yours Sincerely



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Attachment A – Case Studies

Case study A – Tenant signed a lease agreement which specifically stated there was no refund of a rebate if the tenancy agreement was validly terminated or ended.

A tenant sought assistance from EWOQ about a refund of the balance of their Cost of Living Rebate (CoLR). As part of EWOQ's investigation of the matter, the lessor provided a copy of the lease agreement which included a provision that specifically stated the lessor was not obliged to pay a sum representing a rebate to the tenant if the tenancy agreement was validly terminated or ends. The lessor argued that the tenant signed the agreement hence, the remaining CoLR credits would not be refunded.

Case study B – Issues following the sale of a site

EWOQ received a complaint from a customer who resided in a caravan park. It was alleged that following the sale of the site, the caravan park owner allegedly walked away with all remaining credits on the customer's account.

Case study C – Changes in selling model/arrangements

EWOQ has also received enquiries about issues customers have experienced in accessing credits where the exempt network owner changed the selling model/arrangement. For example, where the Body Corporate engaged an authorised retailer to bill and then returned to an exemption model.

We've observed that credits can be managed in various ways such as:

- returned to the Body Corporate
- offered by way of refund
- transferred to the new billing agent.