02 July 2026

By email: energyretail@deeca.vic.gov.au

Department of Energy, Environment and Climate Action
8 Nicholson Street
East Melbourne VIC 3002

Dear Department of Energy, Environment and Climate Action,

Submission: Embedded Networks Review

We welcome the opportunity to provide our submission to the Department of Energy, Environment and Climate Action (**DEECA**) in response to their Embedded Networks Review.

Consumer Action Law Centre (**Consumer Action**) strongly supports any reforms that would result in consumers in embedded networks being offered fairer and more affordable prices for their energy use. While we appreciate that the model of embedded networks should hypothetically provide cheaper energy than most offers available on the energy market, we consistently see on our frontlines that the savings that providers make from buying energy in bulk is not passed on to their customers. As a result, these consumers are often charged amounts well above cheaper offers on the market.

Consumer Action particularly welcomes DEECA's objectives to ensure that embedded network providers are complying with all of their regulatory obligations. While the consultation paper focuses on ensuring compliance with providers offering fair prices, Consumer Action also urges DEECA to consider reforms to ensure that embedded network providers are complying with their obligations under the Payment Difficulty Framework, outlined in the Energy Retail Code of Practice (**ERCoP**).

Also, while we appreciate that this falls outside the remit of DEECA, Consumer Action urges the Victorian Government to consider how concessions and government grants can be made more easily accessible for consumers in embedded networks.

We welcome the opportunity to discuss our submission further.

Please contact **Kane Johnson** at **Consumer Action Law Centre** on (03) 9670 5088 or at kane@consumeraction.org.au if you have any questions about this submission.

Yours sincerely,

Jean Skeat | Director of Policy and Campaigns
Consumer Action Law Centre

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Recommendations

1. Ensure consumers in embedded networks (regardless of whether their provider is licensed or acting as an exempt seller) pay no more than the cheapest offer that would be currently available to them if they had the ability to switch providers. This price should be reviewed by the embedded network providers every 12 months to account for changes in energy costs.

2. Ensure that all embedded network providers are meeting their obligations under the ERCoP to support customers experiencing hardship and who are eligible for support. This must include notifying customers of protections available to them, such as affordable payment plans, and providing support for customers to submit an application for a Non-Main Utility Relief Grant (**NURG**).

3. Align the structure of concessions for consumers in embedded networks with consumers on traditional retail contracts by making it an upfront payment applied directly to their bill, rather than a rebate model.

4. Review the Utility Relief Grant Scheme (URGS), including Non-Main Utility Relief Grants (NURG) to align consumers in embedded networks with those on traditional energy contracts and ensure all eligible energy consumers are able to access effective assistance.

5. Ban embedded networks for all future residential builds, to avoid locking future households into unjust monopolies.

Fairer prices for customers in embedded networks

Case study

Hannah* is a single mother of two dependent children, including one with additional needs. Her income source is a Centrelink allowance, and she is currently living in a community housing apartment.

Hannah contacted the National Debt Helpline to discuss financial hardship that she was experiencing due in large part to her energy costs.

Hannah stated that the apartment that she recently moved into uses an embedded network (a licensed retailer) and reported that her electricity cost had risen from $200 per quarter to $300 per month since she moved to the apartment.

Hannah reported having an energy debt of approximately $1700 and that when she spoke to her housing provider she was told there was nothing that could be done because she was in an embedded network.

Hannah said that this situation was causing her great stress which was keeping her up at night.

As Hannah required assistance in negotiating with her embedded network provider, she was referred to her local financial counselling agency to receive advocacy.

*Name changed

Embedded networks are privately owned and managed entities that supply energy, most commonly electricity, to consumers living in multi-tenanted residences, such as apartment buildings, caravan parks and retirement villages.

These entities sometimes act as exempt sellers who are not required to hold a full retail licence, though it is becoming increasingly more common for embedded network providers to be licensed.

As outlined in DEECA's consultation paper for this review, consumers in embedded networks should be paying less for their energy than those on traditional retail contracts as embedded network providers purchase energy in bulk to sell to their customers. However, we often see on our frontlines that consumers who are in embedded networks are regularly forced to pay excessive prices for their energy use and are not adequately compensated for their inability to transfer to a cheaper offer on the market.

So, while this potential for cost savings has long been the justification to allow embedded networks to continue operating, our financial counsellors on the National Debt Helpline (**NDH**) often report speaking to consumers who describe paying far more than they would if they were able to transfer to a cheaper offer on the market.

The Victorian Government has initiated reform in the past to support fairer energy prices for those in embedded networks, including capping prices at the same amount as the Victorian Default Offer (**VDO**). However, this is no longer an adequate safeguard for those in embedded networks as:

1) This cap does not apply to licensed retailers, who now make up over 90% of residential embedded network providers in Victoria. As the percentage of providers has shifted dramatically to licensed retailers, many consumers in embedded networks are left with no protections to ensure they are paying a fair price for their energy.

2) Most consumers could sign up to offers that are well below the VDO if given the opportunity to shop around. While the VDO was designed to provide a trusted and fair energy price for Victorian consumers, most retailers provide offers that are well below the VDO which can lead to substantial savings for consumers. Therefore, a price cap for embedded network costs based on the best offers on the market - similar to the recommendation by the Independent Pricing and Regulatory Tribunal (**IPART**) in NSW - would be much fairer than one aligned with the VDO.

Even in situations where consumers in embedded networks are offered reasonably priced tariffs for their energy use, being in an embedded network prevents a consumer's ability to select an offer that best suits the way they use their energy. For example, the incoming Midday Power Saver offer announced by the Victorian Government will not be available to consumers in embedded networks as they don't have their own individual smart meters.

The Victorian Government estimates that a shift to the Midday Power Saver could save households anywhere between $149-$428; savings that will not be made available to those in embedded networks.

Given this lack of choice, it is not enough to regulate price caps on embedded networks to ensure they are merely competitive with offers available to consumers on traditional retail contracts. It is imperative that consumers in embedded networks are compensated for their lack of choice by ensuring they are paying no more than the absolute cheapest offer on the market.

It's important for DEECA to consider that as embedded networks are generally set up in low-cost forms of accommodation such as apartment blocks and caravan parks that are often the only available housing options for people on low incomes and/or experiencing vulnerability. While we appreciate that the cost and capacity needed to implement further price regulation may be challenging to some exempt sellers, under no circumstances should these challenges be given more credence than the rights of consumers in embedded networks to have access to affordable energy, especially when, from our frontline experience, these are consumers often experiencing hardship and vulnerabilities.

Recommendation

1. Ensure consumers in embedded networks (regardless of whether their provider is licensed or acting as an exempt seller) pay no more than the cheapest offer that would be currently available to them if they had

the ability to switch providers. This price should be reviewed by the embedded network providers every 12 months to account for changes in energy costs.

Ensuring compliance

We support DEECA's intentions to ensure that all embedded network providers (both licensed retailers and exempt sellers) are complying with their pricing and consumer protection obligations. As such, we support the Victorian Government's proposal that embedded network price caps should extend to both licensed retailers and exempt sellers.

On our frontlines, we often speak to consumers in embedded networks who report that their energy provider has been unwilling to assist with their energy debts after they have disclosed that they are experiencing financial difficulty, despite provider obligations under the ERCoP.

The most common example of this conduct that our financial counsellors observe is embedded network providers failing to provide eligible consumers with advice about applying for government concessions and the URG.

URGS is a grant of $650 per utility (electricity, gas and water) made available to consumers in Victoria every two years who are experiencing financial difficulty and are unable to pay their energy debts on time.

This grant provides much needed relief to those experiencing financial hardship and/or vulnerability, so it is imperative that embedded network providers are extending this assistance to all eligible customers.

Case study

Sandy* is a single parent of three children who currently lives in community housing, which uses an embedded network for its electricity supply.

She contacted the National Debt Helpline as she was experiencing financial hardship due to cost-of-living pressures. She also disclosed that she had experienced family violence in the past.

Sandy reported to her financial counsellor that she owed a debt of approximately $1500 to her embedded network provider (A licensed retailer) and was currently paying them $100 per fortnight.

Sandy contacted her energy provider about the Utility Relief Grant and was told that this was not something that they offered. She was not advised about the non-mains grant available to consumers using embedded networks.

Sandy's financial counsellor recommended that she lodge a complaint with the Energy and Water Ombudsman of Victoria (EWOV) regarding her energy provider's inadequate hardship response.

*Name changed

The ERCoP states that tailored assistance must be provided to consumers who are in arrears and experiencing financial difficulty. Some measures specifically outlined in the ERCoP that energy providers must commit to are:

Practical assistance to help a customer that may be eligible for a Utility Relief Grant, including by:

i. *completing the online application form over the phone and lodging the form online on behalf of the residential customer, unless the residential customer requests otherwise; or*

ii. *if the retailer is unable to complete and lodge a Utility Relief Grant application form over the phone, the retailer completing the application form to the extent possible and sending to the residential customer with instructions on how to complete the remainder of the form and lodge that form;*

While we appreciate that consumers who are in embedded networks must currently apply for concessions and URGS through the Non-Mains Utility Relief Grants Scheme, this should not excuse their providers from providing their customers with all practical assistance in making these applications, as outlined under the ERCoP.

Recommendation

2. Ensure that all embedded network providers are meeting their obligations under the ERCoP to support customers experiencing hardship and who are eligible for support. This must include notifying customers of protections available to them, such as affordable payment plans, and providing support for customers to submit an application for a Non-Main Utility Relief Grant (**NURG**).

Improving customer assistance

While the above recommendation would go a long way in assisting customers accessing the assistance that is available to them, more needs to be done to ensure accessing concessions is made as easy as possible for eligible consumers in embedded networks.

Concessions

In Victoria, a concession of 17.5% of electricity usage and service costs is available to all consumers with a Pensioner Concession Card, Health Care Card or Veterans' Affairs Gold Card. For consumers on traditional retail contracts, this concession is applied directly from their bill once they have provided their concession card details to their energy provider.

In comparison, concessions for consumers in embedded networks are set up as a rebate model. This means a consumer must pay their energy bills in full and provide evidence of this along with their application for non-mains URGS in order to get the concession reimbursed into their bank account.

The reality for a lot of consumers who are in receipt of a concession card is that paying their ongoing energy costs is not always possible without having to forego other essential costs such as food and medical assistance. The current concession rebate model does not provide timely support to consumers to manage this situation, which is becoming increasingly common in the current cost-of-living crisis.

If these models were aligned to ensure that consumers in embedded networks were able to get their concessions applied to their bill upfront, it would allow them to allocate these savings to other essential costs. In its current construction, concession holders in embedded networks are having to forego vital goods and services or, in some cases, are not receiving their entitled concessions as they are unable to pay their energy bills in full.

URGS

URGS is intended to support low-income households experiencing hardship to pay for their utility bills. The Non-Mains Utility Relief Grant Scheme (**NURGS**) is a similar scheme that is targeted at households that use ancillary types of energy (e.g. carted water, diesel and petrol, firewood), and also for people who use electricity from an embedded network. Our frontline service experience demonstrates consumers on embedded networks are struggling to access non-mains URG's that they are eligible for.

Our financial counsellors often speak to consumers in embedded networks who report that due to the convoluted process of applying for a non-mains URG and the lack of assistance from providers in applying for the grant (despite their obligations), they are unable to successfully complete the application. While the aforementioned recommendation ensuring compliance from embedded network providers will go some way to assist these consumers, a broader review of the URGS system is required to align consumers in embedded networks with those on more traditional energy contracts and to ensure the scheme is fit-for-purpose.

Case study

Neelika* contacted the National Debt Helpline and reported that she owed over $1000 to her energy provider (A licensed embedded network retailer) and that she was struggling to pay her bills due to only receiving a Centrelink benefit, the majority of which was going towards paying her rent.

Neelika reported that she contacted her energy provider's hardship team but had great difficulty advocating for herself. She was advised that they could not assist with a Utility Relief Grant due to her being in an embedded network.

Neelika told her financial counsellor that she had made multiple attempts to apply for the Utility Relief Grant herself but failed to successfully complete it herself.

Due to Neelika requiring advocacy and support in dealing with her embedded network provider, she was referred to her local financial counselling agency.

*Name changed

A comprehensive and broad review of the Utility Relief Grant Schemes (Both mains and non-mains) should be undertaken with a consumer-first approach to ensure all energy consumers including those on embedded networks have equitable access to the scheme. A review of the URGS system would also provide an opportunity to address other inadequacies in the URGS, such as:

1) Broadening the eligibility criteria to ensure the grant is available to more people experiencing financial hardship.
2) Increasing the amount available to consumers to $4000 every two years to align with increasing energy debt volumes
3) Making the grant more flexible, allowing consumers to use the grant for whichever utilities they see fit, as opposed to having capped amounts for electricity, gas and water

Recommendations

3. Align the structure of concessions for consumers in embedded networks with consumers on traditional retail contracts by making it an upfront payment applied directly to their bill, rather than a rebate model.

4. Review the Utility Relief Grant Scheme **(URGS**), including Non-Main Utility Relief Grants (**NURG)** to align consumers in embedded networks with those on traditional energy contracts and ensure all energy consumers are able to access effective assistance they are eligible for

Banning future embedded networks

While the above recommendations will assist those who are currently living in residences with embedded networks, or those who will move into a residence in the future that is already using an embedded network, they still do not account for the inherent injustice of locking a consumer into an agreement for an essential service, with no ability to transfer to a better offer, or an offer that is best suited to them.

As outlined in the consultation paper for this review, embedded networks operate as a monopoly for energy supply. Regulating price caps and strengthening protections for those experiencing financial difficulty is not an adequate trade-off for freedom of choice and the ability for consumers to change providers if they are dissatisfied.

We appreciate that the Victorian Government has made reforms in the past to ban embedded networks unless 100% of electricity sold at the site is from renewable sources, with 5% being from on-site renewable energy generation. While we support reforms that encourage the generation of renewable energy, this scheme should not come at the expense of consumers being locked into energy monopolies.

Our frontline experience demonstrates that consumers on embedded networks are not receiving a fair deal compared to those on traditional contracts and providers have not demonstrated they are handing on the supposed benefits of an embedded network arrangement.

Not only does having the freedom to shop around give consumers options to find the most cost-effective offers on the market but, as outlined on page 4 of this submission, it allows consumers to sign on to flexible tariffs that align with the way that they use their energy, such as time of use tariffs. Customers on embedded networks have no such agency to find energy products that best meet their needs.

Further, consumers should have the ability to find a more suitable energy provider for them if they are dissatisfied, for whatever reason, with their current provider. There is currently no incentive for embedded network providers to go above and beyond their basic obligations as they know there is no risk of their customer transferring to an alternate provider.

Retail competition is the best tool to ensure that energy providers are held to account for excessive pricing, poor compliance with their customer protection obligations and as a general incentive to provide good quality products and services. While the reforms in this paper will go a long way in supporting consumers in embedded networks receive a fair price for energy and effective hardship support, they don't address the fundamental problem that embedded networks contravene a core market principle that consumers have the right to choice. The only way to ensure that this tool is available to all consumers is to stop allowing embedded networks to operate in the future.

Recommendation

5. Ban embedded networks for all future residential builds, to avoid locking future households into unjust monopolies.

About Consumer Action

Consumer Action is an independent, not-for profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just marketplace for all Australians.