

VRT Systems is primarily a systems integration business that has provided services to Defence, education, government, commerce, industry, resources and more recently residential, in the areas of 'Energy Management' for more than 30 years.

In general terms, VRT agrees with the draft policy and can see the benefit to the consumer of elevating embedded networks into the national regulatory framework. This should allow for enhanced access to retail market competition, and greater transparency in the operation, and regulation, of embedded networks. However, VRT has observed a fundamental problem in deploying the required services to a specific market segment, being NR4 embedded networks.

The primary goal of the proposed changes is to enhance access to retail market competition through power of choice. To enable this, the proposed changes suggest that embedded networks should be elevated to the national regulatory framework. To do this, embedded networks would need to employ five new participants, being: Metering Coordinator, Metering Provider, Metering Data Provider, off-market retailer and an Embedded Network Service Provider.

VRT works with a number of NR4 embedded networks where VRT provides metering installation hardware and validation services as well as metering installation data collection services. The stated goals of the embedded networks that VRT works with is to provide the lowest possible energy costs for their customers and VRT assists in this goal by providing sustainably low hardware and data service costs.

Under the proposed changes, the costs for VRT to provide Metering Coordinator, Metering Provider and Metering Data Provider services will be significantly higher than the services VRT is required to supply under the existing policies. To be able to continue supplying these services, it is reasonable for VRT to be able to recover these costs.

The NR4 networks that VRT works with fall under jurisdictional regulations within the various Manufactured Homes (Residential Parks) Act and Residential (Land Lease) Communities Regulations. For Queensland, section 99A.2 of the Manufactured Homes Act states:

The park owner must not charge the home owner, or arrange for the home owner to be charged, an amount (a prohibited amount) for the use of a utility that is more than the amount charged by the relevant supply entity for the quantity of the service supplied to, or used at, the site.

The wording of these Acts preclude VRT, or any other party, from being able to recover the costs associated with providing the additional metering services required under the proposed changes. The ability to recover these costs has been challenged in the Supreme Court of New South Wales in *Silva Portfolios Pty Ltd trading as Ballina Waterfront Village & Tourist Park v Reckless* [2018] NSW 1343. It was found that "the plaintiff is not entitled to charge the defendant any more than the plaintiff has been charged for the supply or use of the electricity consumed by the defendant".

Without the ability to fairly recover the costs associated with providing the higher level of services required

under the proposed changes, it is foreseeable that customers within NR4 type embedded networks would have these charges applied in other, non-regulated, ways. Alternatively, we could see an increase in non-compliance due to the embedded network owner not being able to cover the costs of compliance. In a worst case scenario, the customer may be left without service, due to no party wanting to provide service without the ability to recover costs.

VRT can see three solutions to this regulatory problem:

1. Remove the jurisdictional issue through modification of the various Manufactured Homes Acts before the proposed changes come into effect;
2. Remove or otherwise isolate NR4 embedded networks from the proposed changes;
3. Grandfather NR4 embedded networks from the proposed changes until such time as the jurisdictional issues are resolved.

VRT acknowledges that the proposed changes may be of benefit to the end customer through greater access to retail market competition and enhanced protection via regulation. However, VRT cautions that specific market segments, such as NR4 embedded networks, have jurisdictional issues that need to be resolved before the proposed changes come into effect.

Signed:



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