

## Draft Ministerial Statement of Expectations: Protecting NSW customers of embedded networks

This Statement of Expectations forms part of the NSW Government Embedded Network Action Plan. The Statement sets out the expectations of the NSW Treasurer and Minister for Energy, the Hon. Matt Kean MP, in relation to embedded network operators and the way they engage with their customers.

Specifically, the Statement applies to:

- third-party operators of electricity embedded networks using a parent connection point in the National Electricity Market (NEM) to on-sell electricity to multiple premises with 'child' meters installed but not connected to the NEM, and
- third-party operators of hot or chilled water embedded networks that sell hot or chilled water to multiple premises through a common hot or chilled water system that they operate and meter.

The Statement follows the findings of various reviews and inquiries, including the Legislative Assembly Inquiry into Embedded Networks in New South Wales, that outcomes for some customers of embedded networks are poor due to gaps in the current regulatory framework.

The expectations set out in this Statement will support improved outcomes for customers of embedded networks, with the aim of extending the consumer and price protections enjoyed by customers in traditional energy supply arrangements to customers in embedded networks. In conjunction with other measures set out in the Embedded Network Action Plan, this will deliver more equitable protections for customers of embedded networks.

### Expectations of embedded network operators

1. The NSW Government expects customers of embedded networks to have equivalent consumer protections to on-market customers.
2. As soon as possible, and by 1 December 2023, hot and chilled water embedded network operators should bill customers for the energy input to the hot or chilled water supply only (e.g. cents per kilowatt hour or megajoules). Compliance with this requirement is expected where the centralised hot or chilled water system has a dedicated water meter and gas or electricity meter, supporting the calculation of a common factor for the energy input.
3. The NSW Government considers that the sale of hot and chilled water, when billed in the energy input, is the sale of energy.
4. As soon as possible, and by 1 December 2023, hot and chilled water embedded network operators will apply the obligations for authorised retailers or exempt sellers under the National Energy Consumer Framework to the supply of hot and chilled water within the embedded network, ensuring customers are covered by basic consumer protections.
5. From 1 July 2023, authorised retailers selling electricity through embedded networks should comply with the relevant Default Market Offer (DMO) maximum price set out by the

Australian Energy Regulator under the Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019.

### Compliance

The NSW Government will work to expedite the legislative and regulatory changes necessary to make the expectations set out in this Statement legally enforceable requirements for embedded network operators.

The Energy & Water Ombudsman NSW will report any known instances of non-compliance to the NSW Government and the NSW Government will begin consultations with the relevant operator.

### Next steps

The Ministerial Statement of Expectations is being released for public comment. A final Statement of Expectations will be released after public consultation and review of submissions.

Comments and submissions can be sent to [energy.consumerpolicy@dpie.nsw.gov.au](mailto:energy.consumerpolicy@dpie.nsw.gov.au) by 31 March 2023.



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The Hon Matt Kean MP  
Minister for Energy

1.3.23