



27 August 2018

The Hon. Matthew Kean, MP
Minister for Innovation and Better Regulation
Easy and Transparent Trading Consultation Paper
Regulatory Policy, BRD
Department of Finance, Services and Innovation
Level 5, McKell Building
2-24 Rawson Place
SYDNEY NSW 2000

Email: policy@finance.nsw.gov.au

Dear The Hon. Matt Kean, MP,

Re: Easy and Transparent Trading Consultation Paper – public consultation

WINconnect Pty Ltd (**WINconnect**) welcomes the opportunity to provide comments in response to the NSW Fair Trading consultation paper on Easy and Transparent Trading – Empowering Consumers and Small Business (**consultation paper**).

WINconnect, formerly known as WINenergy, is a privately owned company with its corporate headquarters in Melbourne supported by offices in Sydney, Brisbane and Adelaide. Since 2005, WINconnect has specialised in the establishment and operation of private embedded networks for electricity. In this role we act as an agent of either the property owner or the Owners Corporation as applicable. Built on this decade-long heritage of embedded electricity services, WINconnect now provides a full portfolio of utility services.

WINconnect also holds electricity retail authorisations in both Victoria and under the National Energy Customer Framework (NECF) and a retail gas authorisation under NECF. We have market participant status with AEMO and the ASX and we hold an Australian Financial Securities Licence.

In addition to its retail electricity experience, WINconnect's embedded network management business (trading as WINenergy) includes managing the sale and supply of other essential services, including hot water, air-conditioning, unmetered gas for gas cooktops (NECF jurisdictions), internet and telephony services.

Today, WINconnect manages and operates over 600 embedded network sites across Victoria, NSW, Queensland, South Australia and Western Australia. Our clients include large funds and property trusts who own shopping centres as well as property developers who either build and manage properties, or hand them over to Owners Corporations on completion.

WINconnect would like to take this opportunity to respond to the consultation paper, specifically, to the proposed changes to allow strata lots the freedom to choose their own utilities provider.

Choice of utilities provider within strata developments

WINconnect supports consumer choice within electricity embedded networks. We have long advocated for mechanisms in the industry that would enable consumers the ability to choose their preferred energy retailer. Effective competition results in better outcomes for consumers such as competitive pricing and increased standards of service.

Recent changes to energy legislation, such as the Power of Choice rule changes and updated (Retail) Selling Exemption Guidelines, are improvements that not only foster competition but increase accountability. As a result this will pave the way for more innovative energy solutions that will increase choices for consumers as business adapt to these relatively new changes.

Regarding choice of utilities provider, in NSW a developer cannot appoint an embedded network services provider on behalf of the Owners Corporation. Under the Strata Schemes Management Act the Owners Corporation appoints its utility service providers at the First Annual General Meeting. It is through this process that the Owners Corporation is fully informed of the services to be provided and may negotiate contract terms accordingly.

There is another emerging practice whereby an Owners Corporation may appoint a licenced energy retailer to onsell energy to the strata development's end consumers using the Owners Corporation's electricity embedded network infrastructure. This is an alternative to the traditional arrangement of appointing an agent or service provider to perform the onselling activities on behalf of the Owners Corporation. Whilst this practice is of little difference to the end consumers, it effectively removes the ability of the Owners Corporation to revert back to the agent/service provider arrangement for embedded network services unless all end consumers (that is, owners and/or tenants, whatever the case may be) consent to the change. This has the effect of locking in that retailer as the energy onseller indeterminately.

Question 45. Would legislative reform assist in addressing this issue?

As highlighted in the response above, there have already been a number of reforms in energy legislation to reduce barriers to consumer choice within embedded networks. Further legislative reform is not required with respect to end consumers accessing their preferred energy retailer.

With regards to the engagement of embedded network agents or service providers in strata developments, the legislation already protects these developments from upfront agreements or unfair contracting practices.

To address the issue of energy retailers onselling within embedded networks, more education and transparency of this practice is needed in the industry. Whilst it is entirely consistent with the National Energy Retail Law objective, the implications to Owners Corporations are not universally and clearly understood by the strata community.

Question 46. Which option do you support and why?

On the basis that Owners Corporation and its residents or tenants already have access to choice we support the option to maintain the status quo.

If there were to be changes made, WINconnect would support amendments to the Strata Schemes Management Act that prohibited long term utility/service contracts or contracts with automatic roll-on terms on the understanding that the lifetime of the utility asset must be taken into consideration when defining what is "long term". In WINconnect's experience we consider the useful lifetime for most utility assets to be in the realm of 10-20 years, though consideration must be given to manufacturing warranties, safety and maintenance requirements and the rate at which new technology enhances or disrupts current practices. That is to say, that a workable contract must be mutually beneficial to both parties.

Should you wish to discuss the details of this submission please contact me on
be pleased to have further discussions on our submission and the industry more generally.

I would

Yours sincerely

Shannon McAllister
Regulatory and Compliance Manager (Acting)
WINconnect Pty Ltd