



27 July 2026

Mr Anthony Wing
Chair
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Mr Wing

Consultation Paper – billing requirements and setting maximum prices for residential embedded network customers

Thank you for the opportunity to comment on this consultation paper.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON receives and responds to complaints from customers on embedded networks. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

We have only responded to those questions in the consultation paper that align with issues customers raise with EWON, or with our organisation's operations as they relate to this review.

If you would like to discuss this matter further, please contact Bryce Purches, Manager Policy & Systemic Issues (brycep@ewon.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rosa Krilic', written over a light blue circular background.

Rosa Krilic
Deputy Ombudsman
Energy & Water Ombudsman NSW

EWON Submission to the consultation paper

Summary of EWON's position on the proposed billing requirements

- **We support:** the proposed standardised statement on the maximum price. As customers in embedded networks do not have access to retail competition, they must be provided with information that allows them to compare the energy prices they are paying against a clear benchmark. We consider that the standardised statement provides this information and will allow customers to understand the benefits they receive from living in an embedded network.
- **We support:** the introduction of measures, such as a maximum common factor, to help protect individual customers from bearing the cost of inefficient centralised hot water systems.
- **We strongly support:** the introduction of billing requirements that do not allow embedded network customers to be charged two separate supply charges for a single fuel source.
- **We recommend:** that IPART closely monitors the pricing outcomes for customers living in communities operated under the *Residential (Land Lease) Communities Act 2013* (NSW) after the maximum price is determined. If there is evidence that a significant number of customers in these communities are being charged the maximum price by default, we recommend IPART consider an alternative approach for these customers. An option may be to develop a separate maximum price for residential land lease communities.

3.1 The draft billing standard requires bills to include a statement of IPART's maximum prices

We note the purpose of the billing standard is to ensure that:

- bills contain simple, clear and consistent information on prices charged for electricity, gas, hot water and centralised air-conditioning, and customers' usage
- bills specify the maximum prices that IPART has set, and that embedded network sellers may charge less than those prices, but cannot charge more
- embedded network customers are charged only for the energy input used to supply hot water and centralised air-conditioning, and are billed in the underlying energy units (rather than being billed in litres of hot water).

Consultation question 1: What are your views on the proposed standardised statement on the maximum price set by IPART? In your response, please comment on:

- a. whether the statement is clear and easy for residential embedded network customers to understand
- b. whether any information should be added, removed or clarified.

For clarity, a copy of the example statement for electricity bills from the draft billing standard is set out below:



"IPART sets the maximum prices for electricity supplied through embedded networks in NSW.

The maximum daily supply charge is \$[amount] per day. The maximum consumption charge is [amount] cents per kilowatt hour.

Your embedded network seller may charge less than these maximum amounts but must not charge more."

EWON supports the proposed standardised statement on the maximum price. As customers in embedded networks do not have access to retail competition, they must be provided with information that allows them to compare the energy prices they are paying against a clear benchmark. We consider that the standardised statement provides this information and will allow customers to understand the benefits they receive from living in an embedded network.

3.2 Embedded network sellers are required to bill customers only for the energy input for hot water and centralised air conditioning

The draft billing standard requires embedded network sellers to bill residential customers only for the energy input used to supply hot water and/or centralised air-conditioning, rather than billing in litres of hot or chilled water.

IPART's draft billing standard requires embedded network sellers to include the following information on residential customer bills:

- the unit price for the energy used to heat the hot water
- a common factor, which is the amount of energy used to heat a litre of hot water
- the energy usage apportioned to that customer for their hot water usage
- the total amount charged for the energy used to heat the hot water
- the amount of hot water used by the customer in the billing period (measured upstream of the thermostatic mixing valves, i.e. before mixing with cold water to bring the delivered water to 50 degrees).

Consultation question 3: What barriers, if any, may affect the ability of embedded network sellers to charge residential embedded network customers for the energy input to supply hot water or centralised air-conditioning?

We note stakeholders have previously expressed concerns to IPART that changing to billing in energy units for hot water would:

- lead to customer confusion from shifting from litres to energy units, resulting in an increase in complaints to embedded network operators and EWON
- result in increased cost and complexity for customers
- require operators to undertake significant billing and metering system changes

EWON engagement on this issue with our members

EWON has proactively engaged with our members that provide retail and network services to embedded network customers about the recent reforms.

Through this engagement, we understand that embedded network operators believe hot water should continue to be billed in cents per litre and do not agree with the approach of billing hot water in energy units.

In March 2026, EWON hosted a round table discussion with industry representatives on the impact of the proposed reforms and possible solutions.

Points of agreement: All participants (including EWON) agreed that the NSW Government should implement the following reforms for hot water embedded network customers:

- must have access to external dispute resolution through EWON
- must benefit from the essential consumer protections in the NECF, such as standards for contracts, billing protections, payment plans, hardship programs, and protections for disconnection
- some attendees also agreed that price regulation via IPART is appropriate.

Industry concerns: Attendees expressed several key concerns regarding shifting billing to energy units, primarily:

- embedded network operators may be required to complete large and expensive system changes
- the high costs and complexity caused by billing in the underlying energy source would be passed onto customers
- shifting from litres to energy units would cause customer confusion and drive complaints
- potential high bills because conversion factors vary and are unpredictable, so customers cannot predict their true costs.

Possible solutions put forward by industry participants: Embedded network operators proposed the following solutions to address their concerns:

- billing of hot water should be allowed in either cents per MJ or litres and IPART be given the power to set prices accordingly
- NECF protections should be implemented through NSW regulations, IPART frameworks, or amendments to the NECF, or an IPART-approved dispute resolution framework for embedded network customers
- consumer protections would include measures to ensure that customer groups are not paying a too high price for inefficient centralised hot water systems.

EWON position on billing for hot water based on the energy input

EWON has long called for regulatory reform to extend the consumer protections in NECF to customers being sold and supplied hot water in embedded networks.

We have supported the requirement to bill customers in the underlying energy source, for example cents per MJ, as a commonsense solution to extend NECF protections to customers in hot water embedded networks. These protections include:

- pricing controls or access to retail competition
- rights to access essential services and/or obligations on seller to supply
- rebates and concessions
- internal dispute resolution procedures, and access to external dispute resolution (EWON)
- minimum contractual standards



- billing, tariff and payment minimum requirements
- protections for vulnerable customers including payment plans, affordability ('hardship') programs and family violence protections
- protections against disconnection.

Industry have told us that because it is industry practice to bill for hot water in cents per litre, any requirement to transition to billing in the underlying energy source will:

- cause widespread customer confusion and increase complaints
- impose transition costs on industry that will make providing these services commercially unviable.

It is important to note that charging residential customers in apartment buildings for the energy input to supply hot water was standard practice in NSW for decades prior to the introduction of Jemena's boundary tariff for gas meters in residential building in 2015.

EWON's position on extending appropriate consumer protections to hot water embedded networks is unchanged. Our understanding is that the consumer protections contained in NECF are only extended to customers if retailers are required to bill based on the energy input (MJ/kWh). Therefore, we support IPART's proposed approach.

If this same critical outcome can be achieved through regulatory change that allows alternative billing methods, EWON would be supportive of this alternative solution. However, any alternative solution must be able to deliver the same outcomes for customers in terms of the consumer protections we listed above. We have engaged with energy retailers to look for alternative models and at this stage we have not been provided with details on an alternative solution.

4.2 – Recommendation 14 – sellers cannot charge more than 0.40 MJ of gas per litre of hot water

Consultation question 7: What challenges, if any, may embedded network sellers face in applying IPART's proposed maximum common factor when charging residential customers for centralised hot water, including those related to contract renegotiation? In your response, please comment on potential ways to address these challenges.

IPART has noted that some embedded network sellers have raised concerns with the maximum common factor proposed by IPART, including there may be challenges with contract renegotiation for the supply of hot water services.

We cannot provide information about the challenges faced by providers applying IPART's proposed maximum common factor. However, we continue to see the efficiency of centralised hot water systems as a significant issue in complaints from customers in embedded networks. We consider it is important for IPART to introduce guardrails to protect customers from bearing the cost of inefficient hot water systems.

EWON strongly supports the introduction of measures, such as a maximum common factor, to help protect individual customers from bearing the cost of inefficient centralised hot water systems, as they have no choice or control in the system used.

Consultation question 8: What are your views on embedded network customers not paying two separate supply charges for a single fuel source? In your response, please comment on any benefits, risks, and unintended consequences associated with this approach.

EWON notes that in the case of on-market customers, there is choice to connect to both electricity and gas services. For each of these services, there is a single supply charge for a range of services and appliances, such as heating and cooling, hot water, lighting, etc.

On-market households that choose to electrify, and manage all these services via a single energy fuel source (electricity), will also benefit from only paying a single supply charge.

Embedded network customers are not given the choice of how their utility services are provided. Where customers have not choice about how their utility services are provided, it is common sense to limit the supply charges they are paying to one charge per fuel type (based on an electricity or gas connection).

EWON would strongly support the introduction of billing requirements that do not allow embedded network customers to be charged two separate supply charges for a single fuel source.

Consultation question 10: What additional actions could IPART take, or what further guidance could IPART provide, to support a smooth implementation of the reforms?

Consideration of pricing in residential land lease communities

Residential land lease communities provide an important affordable housing option for thousands of households in NSW. These customers, some of whom are at risk of experiencing financial vulnerability, would benefit from specific price protections.

In our submission to the draft Terms of Reference for IPART's review of the future of embedded networks in NSW, we noted that there are a range of customers that live in embedded networks. We suggested that the terms of reference for the review should consider the different types of customers living in embedded networks.¹

Based on the complaints we receive, it is likely that customers living in large residential strata schemes will benefit differently from the maximum price set by IPART compared to customers living in residential land lease communities. For example, it is more likely that customers living in strata schemes will have access to a more competitive price, that may be less than IPART's maximum price, because of the contract negotiations, and contract renewal processes, that occur between retailers and strata corporations.

However, there are no incentives for operators of residential land lease communities to charge less than IPART's maximum price.

¹ EWON Submission, *Draft terms of reference – The future of embedded networks in NSW (IPART)*, 11 April 2023, p3



The challenges implementing an energy price cap for residential parks from September 2024

In September 2024, a new price protection was introduced for residential land lease communities based on a comparable market offer.²

Since this new pricing framework commenced, EWON has received complaints from residents of land lease communities who alleged that some community operators increased electricity charges to match the comparable market offer, regardless of the operator's underlying supply costs. Residents have frequently expressed concern that the comparable market offer was being treated as the default price rather than a price cap.

These complaints suggests that operators of residential land lease communities may respond to IPART's proposed maximum price in the same way. We believe there is a real risk that IPART's maximum price becomes the de facto market price in residential land lease communities.

Recommendation: EWON recommends that IPART closely monitors the pricing outcomes for customers living in communities operated under the *Residential (Land Lease) Communities Act 2013* (NSW) after the maximum price is determined.

If there is evidence that a significant number of customers in these communities are being charged the maximum price by default, we recommend IPART consider an alternative approach for these customers. An option may be to develop a separate maximum price for residential land lease communities.

² Section 77(4), Residential (Land Lease) Communities Act 2013 (NSW)