

# General Exemption Order 2022

## New obligations for embedded networks from 1 January 2023

### Embedded networks

Embedded networks are private electricity networks that serve multiple customer premises (or lots) within a building or self-contained site. Generally, they are established via a parent-meter connection to the electricity grid, with child meters measuring the consumption for individual residences (or shops in a commercial setting) internally within the embedded network.

Embedded networks are common in multiple occupancy developments, such as apartment blocks, retirement villages, social housing, caravan parks and shopping centres.

### Overarching regulatory framework

The General Exemption Order 2022 (GEO 2022) is an Order in Council made under Victoria's *Electricity Industry Act 2000* (EI Act).

In Victoria, the EI Act prohibits a person from generating, transmitting, distributing, supplying or selling electricity unless they have the relevant licence or trial waiver, or they are exempt from the requirement to obtain a licence.

Anyone carrying out these activities without the appropriate licence, trial waiver or exemption will be in breach of the EI Act and may face enforcement action.

The GEO 2022 includes exemptions covering the supply and sale of electricity into embedded networks. The GEO 2022 also identifies conditions which need to be met to legally operate an embedded network.

The GEO 2022 will take effect from 1 January 2023.

Activities under some exemption categories may also require registration under the Australian Energy Regulator's (AER) network exemptions framework.

### Ban on embedded networks in new residential apartment buildings

In October 2018, the Victorian Government announced an election commitment to ban embedded networks in new residential apartment buildings, with limited exceptions.

An expert panel appointed to lead the Embedded Networks Review provided recommendations to the

Victorian Government in January 2022 on how to best implement the ban.

The Victorian Government's response to the review was published on 26 July 2022, supporting the recommendations. The recommendations will be implemented in two reform phases.

The GEO 2022 implements phase one of the reforms, banning the sale of energy into new embedded networks where there are 10 or more residential customers unless the exempt person can meet specific conditions, including a new renewable energy condition.

Phase two will involve a comprehensive legislative package to give effect to the remainder of the reforms. These include introducing licensing for embedded networks, access to key consumer protections and ensuring customers can choose their electricity retailer if they want to.

Once in place, the reforms will improve outcomes for all embedded network customers, including those in existing sites.

See [Embedded Networks Review](#) for further information about the review and the Government response.

### Key changes made by the GEO 2022

The GEO 2022 gives effect to the ban by imposing a renewable energy condition that must be met by an exempt person selling electricity in a new embedded network with 10 or more residential customers. There is more detail about this in the "New renewable energy condition" section below.

The Victorian Default Offer (VDO) has been the maximum price for customers living in existing embedded networks since September 2020. The GEO 2022 specifies that the VDO will also operate as the maximum price for customers living in new embedded networks which have to meet the new renewable energy condition.

In addition, the GEO 2022 exempts persons selling or supplying metered or unmetered electricity from an electric vehicle charging station to an electric vehicle from having to obtain a licence.

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There are also new information provision requirements for embedded network owners and operators, and for electric vehicle charging providers.

The GEO 2017 will be revoked, with continuing requirements consolidated into a single instrument for clarity – the GEO 2022. However, the structure and content of the GEO 2022 are very similar to the GEO 2017.

The GEO 2022 will take effect from 1 January 2023.

## What is a new embedded network?

From 1 January 2023, an embedded network will be classified as 'new' unless, immediately before that date:

- electricity was being sold to all the customers in the embedded network by a licensed retailer or under an existing registered residential exemption (under the GEO 2017); or
- the supply of electricity from that embedded network had not yet started, but the exempt person intended to sell electricity to 10 or more residential customers, and had a legally binding agreement in place in relation either to the operation of the embedded network or to the installation of meters).

A new embedded network installed or retrofitted into existing premises will fall within the definition of a 'new' embedded network in the GEO 2022 unless, prior to 1 January 2023, either of the conditions noted above has been met.

See clauses 3(1) and 13 for further specific details and requirements.

## New renewable energy condition

The renewable energy condition requires 100 per cent of electricity sold by an exempt person to residential customers at an embedded network site to come from renewable energy sources, with a mix of on-site and off-site sources allowed.

To meet the condition:

- a minimum of 5 per cent of the electricity sold by the exempt person to residential customers at the site needs to come from on-site renewable energy generation; and
- the remaining electricity sold by the exempt person to residential customers can be met from off-site renewable energy generation using GreenPower or voluntary surrender of large-scale renewable energy certificates.

The renewable energy condition relates to electricity sold to residential customers. Electricity consumption attributable to common areas, such as shared electric vehicle charging stations, is not included in the calculation.

See clause 8 for further information.

## Who needs to comply with the condition?

The renewable energy condition applies to the registerable sale category for exempt persons selling metered electricity to 10 or more residential customers whose premises are connected to an embedded network which the person owns, controls or operates. This category excludes sales to residents of retirement villages, caravan parks, holiday parks, marinas, residential land lease parks and manufactured home estates.

## Information provision obligations

The exempt person is required to provide information in relation to how it is meeting the renewable energy condition for each calendar year (or part of a calendar year) to the Essential Services Commission (ESC).

This information must also be made available to customers annually. The exempt person is required to maintain records of this information for at least 7 years.

## Maximum price for embedded networks

Since September 2020, the VDO has been the maximum price for customers living in an embedded network. The GEO 2022 confirms that the VDO will also operate as the maximum price for customers living in a new embedded network that must meet the renewable energy condition.

See [here](#) for further information about the VDO on the ESC's webpage.

## What does the GEO 2022 mean for those reliant on exemptions under an earlier GEO?

Transitional provisions under the GEO 2022 give certainty to existing exempt persons that their exemptions will continue.

However, from 1 January 2023, a person currently relying on an exemption under the GEO 2017 will need to comply with any new conditions set out in the GEO 2022 which are applicable to them, such as new information provision requirements.

Under the GEO 2017, some exemptions apply to a site that the exempt person owns, occupies or operates. As there has been some questions about how this operates in practice, exemptions under the GEO 2022 instead apply in relation to an embedded network that

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an exempt person owns, controls or operates. There is also a new condition requiring any person who is not the owner of an embedded network supplying electricity to residential customers to have an agreement in place with the owner which entitles that person to control and operate the embedded network. To comply with the new condition, that agreement will need to be put in place before 1 January 2023.

Exempt persons who already rely on an exemption under the GEO 2017 will not need to comply with the renewable energy condition, as this only applies to new embedded networks as of 1 January 2023.

While the GEO 2017 revoked most of the earlier GEO 2002, several specific individual exemptions included in the GEO 2002 have been retained in the GEO 2022. This means the individual exemptions contained in the GEO 2002 will remain in force.

## Regulatory status of electric vehicle charging

The GEO 2022 clarifies the regulatory status of electric vehicle charging stations in embedded networks and other settings.

A new deemed exemption category has been included for the sale or supply of metered and unmetered electricity used by customers to charge an electric vehicle.

## Registering for an exemption

The GEO 2022 sets out two classes of exemptions: deemed and registrable exemptions.

Deemed exemptions do not need to be registered with the ESC. Other exemptions must be registered with the ESC.

The ESC publishes a Register of Exempt Persons which contains information about registered exempt persons and the activities for which they are exempt. It may be searched by the public and allows customers to identify relevant sellers and suppliers of electricity and obtain relevant contact details.

Additional information for exempt persons may be found in the Registration Guideline for Exempt Persons, which will be updated and published on the ESC website prior to the GEO 2022 taking effect.

All exempt persons carrying out activities under either a deemed or registerable exemption need to comply with conditions in the GEO 2022 relevant to their exemption. Otherwise, the exempt person will be in breach of the EI Act and may face enforcement action.

Activities under some exemption categories may also require registration under the AER's network exemptions framework.

## Who should I contact if I need further information?

If you have general questions about the Embedded Networks Review and subsequent reforms included in the GEO 2022, please contact the Department of Environment, Land, Water and Planning (DELWP) at [embeddednetworks.review@delwp.vic.gov.au](mailto:embeddednetworks.review@delwp.vic.gov.au).

If you have questions regarding the registration database, consumer protections or pricing, please contact the ESC at [exemptionregister@esc.vic.gov.au](mailto:exemptionregister@esc.vic.gov.au) or 1300 664 969.

If you have questions regarding the AER's network exemptions framework, please contact the AER at [AERinquiry@aer.gov.au](mailto:AERinquiry@aer.gov.au) or 1300 585 165.

If you are unclear whether your activities fall within the GEO 2022 and what conditions apply to your circumstances, you should obtain independent legal advice.

Neither the DELWP nor the ESC are able to provide you with legal advice.

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