

## Notes / minutes - benergy information session – Elephant Hotel 4 April 2019

### 1. Background

- We had been looking for improved electricity deals for our common area usage for some years. We looked at “time of use” tariffs but could not access them, as we did not have smart meters installed. In early 2018, a new resident asked whether we had looked at installing an Embedded Electrical Network (**EEN**) as his experience was that significant savings could be achieved for all residents and the Corporation.
- Your committee undertook research and carried out extensive due diligence in relation to EEN provider, **benergy**. A detailed proposal to install an EEN was discussed at the Corporation’s AGM 15 August 2018. All members of the Management Committee with the exception of Peter Morton (Simmons, Donato, Welch, Longhorn, Rush and Glover) were present at the AGM. Sam Davey from **benergy** was also present to answer any questions and queries.
- At the AGM it was unanimously agreed that we would progress the **benergy** proposal and that the Management Committee was authorised to complete the transfer subject to further due diligence in relation to the retail tenancies and satisfactory contract terms (AGM minutes). The AGM minutes also recorded the following:
  - Residents could elect to go with **benergy** in which case they would receive one account for all charges or stay with their current provider and receive 2 accounts. One from **benergy** for Network charges and one from their electricity retailer for Usage charges (but no network charges).
  - The Corporations contract with **benergy** would be for 5 or 10 years.
- Other points made by Sam Davey at the AGM were:
  - Residents would not be required to enter any long-term contracts with **benergy**. They could select whom they wished to use for the supply of electricity at any time.
  - Residents were GUARANTEED a 15% reduction (8% for Green Power) on their **individual** electricity costs, net of all settlement, pay on time and all other discounts offered by their existing supplier. The Corporation was guaranteed a 20% discount on common area usage. Government concessions would be incremental, but paperwork would need to be completed.
  - Invoicing would be monthly.
  - The Corporation would receive a rebate of approximately 3% of total billings.
  - All meters would be swapped out and replaced with smart meters at **benergy’s** cost.
  - A condition precedent to proceeding was that **benergy** had to confirm that they could manage the metering of “off peak” (water heater) usage.

- The ultimate changeover of meters / retailers required careful management to ensure no disruption in supply (risk mitigation strategies).
- Following detailed negotiations, the Corporation signed a 10-year agreement with **benergy** on 20 November 2018. Negotiations particularly focused on protecting the corporation's rights in the event that **benergy** went out of business for any reason. The issues of measuring "off peak" usage and accommodating the retail tenancies (including UPark) were satisfactorily resolved. **benergy** confirmed that they would replace both the standard and "off peak" meters with new digital meters for each resident so that they could measure "off peak" usage.

## 2. Recent communication

Recently you all received a letter inviting you to register your interest in transferring all of your electricity requirements to **benergy**. This letter was reviewed by three Management Committee members before it was sent. On reflection we probably assumed too much background knowledge, particularly amongst the renting community. Unfortunately this vacuum led to a large amount of misinformation being circulated; hence this information session. We also realized that the **benergy** on-line site registration site needed to be modified to better suit our demographic. This has now been done.

## 3. Clarification of various issues that have been raised (a number of these were touched on at the AGM, but they have been fleshed out below given that not everyone was in attendance)

- **How will benergy work out what I will be charged?**

**Benergy** will issue invoices based on the actual consumption as recorded on resident's smart meters.

**benergy** are contractually bound to offer you pricing that will deliver a 15% reduction in your current electricity costs. It is unlikely that any two residents will have the same deal. For this reason you have or will be asked to send **your** latest electricity invoice to **benergy**. They will base your 15% reduction on the bill you send. If you have a deal with your existing retailer that charges different rates for summer and winter, please ensure that you send bills representing both periods.

When you send in your bill, **benergy** will send back a formal offer. You can then question the offer if necessary and then ultimately accept or reject it. The rates offered will remain firm for a minimum of 12 months.

Remember, **benergy** guarantee to deliver a 15% reduction to your net, net rates after **all** discounts (excluding Pensioner discount). The headline level of discount you are currently getting is of no relevance. The key issue is what your net rate is after **all** discounts.

- **How can I be sure that over time my discount to market rates will be maintained at 15%?**

**benergy** is contractually obliged to periodically adjust their rates to market (mark to market). In the unlikely event that rates decline, **benergy** must pass these on. In addition, any resident can seek a quote for supply from any retailer at any time. If the rate obtained minus 15% is less than their exiting **benergy** rate, **benergy** will make an adjustment to restore the 15% advantage.

- **What happens if I decide to stay with my existing electricity retailer?**

You will receive two invoices. One from **benergy** each month for Network charges and a quarterly one from your retailer for Usage charges. In combination, over a three month period, these invoices will exactly equal what you are currently paying, inclusive of all discounts etc. **benergy** will not require payment from you for your Network charges until you are completely satisfied that you have not been disadvantaged.

- **How can I be sure that I won't experience an unreliable power supply (you get what you pay for theory)?**

**benergy** only use tier 1 suppliers. It is highly likely that AGL or ERM Power will supply **benergy** and therefore the residents. By bundling all of our usages together, **benergy** are able to obtain vastly superior pricing versus what we can achieve individually. This is how they make their money and how we get an advantage.

- **What will happen if I attempt to sell my apartment given that benergy will now own my electricity meter?**

Nothing. You don't own your meter today, it is owned by SA Power Networks.

- **What if I don't have a current offer (overseas student for example)?**

You can either seek a quote in the market or take advantage of the default rate that has been agreed with **benergy** of 32c per kWh for "normal" usage and 15c per kWh for "off peak".

During our negotiations with **benergy**, it was also agreed that the 32c /15c rates would act as a ceiling for any residents who had never re-negotiated their electricity supply arrangements and were therefore on published rates with no discounts etc. If you are in this category, you will be treated fairly.

- **Is BPay available?**

Yes. You can also elect to enter into a direct debit arrangement (where no fees will apply). The choice is yours. Credit card fees will be passed on if you pay over the phone, as is the case with all retailers. In our negotiations, **benergy** committed to reviewing billing frequency

(monthly to quarterly) after an initial term of 6 months. We will judge resident's attitude to this in due course.

- **Who regulates benergy?**  
**benergy** is regulated like any other electricity retailer, both in terms of complying with Essential Service requirements and the requirements of the Australian Energy Regulator.
- **What if another embedded network supplier approaches the Corporation with a superior offer?**  
In the spirit of a long-term partnership, we would ask **benergy** to review and react to the offer if it was a legitimate offer on like terms.
- **What would happen to our rates if solar power was installed?**  
Although we are required to consult with **benergy** in the event that such a change was proposed, our discount rates will not vary. In fact, part of **benergy's** charter is to assist us in achieving more efficient power outcomes.
- **How will new residents become aware of these arrangements?**  
Whittles will advise new owners of the arrangements. Whittles are also in the process of contacting the letting agents for all rental properties to make sure they are aware that we will soon have an EEN installed.
- **Will benergy be able to accommodate charging stations for electric vehicles?**  
**benergy** have been pro-active on this front and have introduced us to a company called E-STATION. To my knowledge, we do not have any current requirements, but it will come. Charging stations are accommodated in other high-rise complexes where **benergy** are involved.
- **What are the major risks?**  
Other than insolvency, which is covered in our agreement, the major risk is that related to changeover. This will require management and risk mitigation strategies. **benergy** have changed over in excess of 3000 meters, so they have experience. **benergy** have now confirmed that a stand-by generator will be onsite on the changeover date to ensure that the common areas, the lifts and the emergency services are not disrupted.

We intend to form a risk mitigation committee to ensure that the chances of any disruption are minimized. In addition to the residents, we need to consider the retail operations and the UPark.

In our original due diligence we spoke to the Presiding Officer of a large apartment complex in Adelaide. He alluded to delays due to lack of co-ordination with SA Power Networks when they were planning

the changeover, but ultimately approximately 160 residents were migrated. I spoke to the same Presiding Officer the other day, approximately 12 months on from my initial contact. He said that they were delighted with the results being achieved with **benenergy** and with the level of customer service. This should give us some comfort. For your information, **benenergy** typically achieve a 98% transfer rate over time as the guaranteed discounts become more widely acknowledged.

#### 4. Other questions

- **When will the smart meters be installed / “go live” date**  
**benenergy** are targeting mid May. **Benenergy** are committed to keeping all residents informed on progress. No access to individual apartments will be required to implement the new system.
- **I have a concession / pensioner card. Will I be getting these benefits / discounts from benenergy?**  
As an embedded Network Operator, **benenergy** cannot incorporate these discounts on your invoices. However, you can apply for these rebates from the Department of Human Services (SA). The rebates will be paid direct to you. You will need to complete the necessary paper work.
- If you have not yet sent your latest electricity bill into **benenergy**, please do so in order that you can see what they are prepared to offer you. You DO NOT have to accept the offer. Please send your invoice to [admin@benenergy.net.au](mailto:admin@benenergy.net.au). If you don't have an invoice, ask your supplier (AGL, Origin etc etc) for a letter setting out your current deal including the “off peak” tariff and any discounts. When and only when you accept the **benenergy** offer in writing will you be classified as a **benenergy** customer.
- If you have any queries, ring Joel Anokh direct on 0420266177 or email him at [joel@benenergy.net.au](mailto:joel@benenergy.net.au)

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