

# TRANSCRIPT

## LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

### Inquiry into Renewable and Affordable Energy for Apartments

Melbourne – Thursday 30 April 2026

#### MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

**WITNESSES**

Lee Kolbe, Chief Operating Officer, Energy Trade Pty Ltd; and

Rosa Di Noto, Manager, Operations, and

Shawn Misquith, Manager, Network Services, Energy On.

**The CHAIR:** Welcome back to this panel hearing for the Legislative Assembly Environment and Planning Committee's Inquiry into Renewable and Affordable Energy for Apartments. All mobile telephones should now be silent.

All evidence given today is recorded by Hansard and broadcast live on the Parliament website.

While all evidence taken by the committee is protected by parliamentary privilege, comments repeated outside this hearing, including on social media, may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts and other documents provided to the committee during the hearing will be published on the committee's website.

We will run this session in a question-and-answer format. Committee members will ask some questions. If you wish to answer, please indicate.

To make it easier for Hansard reporters, please state your name before we start. If there are any important points you do not get to make during this session, you are welcome to provide additional information in writing. I will invite the organisations which we have, Energy Trade and Energy On, to make a 2-minute opening statement. Who would like to start?

**Rosa DI NOTO:** I can start.

**The CHAIR:** Great. Thanks, Rosa.

**Rosa DI NOTO:** Thank you so much for having us today and for the opportunity. I am Rosa Di Noto, Operations Manager at Energy On, and with me is Shawn Misquith, our Network Services Manager. Our aim is simple: affordable renewable energy for apartment residents. Energy On are Australian owned and Melbourne based, and we have been operating embedded networks and local energy networks for just over 16 years. We manage around 12,000 customers nationally, from student living and residential apartments to retirement villages and social and affordable housing.

Our submission highlights a key issue: apartment residents in embedded networks are excluded from the Solar for Apartments program and the VEU solar initiatives, which affects about 25 per cent of Victoria's apartment dwellers. Excluding embedded networks undermines Victoria's electrification and energy targets. Cost is the main barrier that grants are meant to address. These grants already support common area solar for owners corporations, and embedded networks should be treated equally. In New South Wales they now include embedded networks in a solar for apartment residents boost program, but Victoria does not.

We also acknowledge strata managers and owners corporations often lack energy expertise. They face challenges like limited technical knowledge, frequent committee changes and financing issues. We are already there walking them through the journey, sitting on committee meetings, answering questions and guiding them through the process. The pathways to electrification and sustainability are expensive, and in embedded networks we help coordinate the installation, metering, compliance and pricing, reducing these burdens.

I also want to acknowledge the earlier session and Matt Torney's comments from Housing Choices Australia. In our social and affordable housing portfolio we already deliver best-in-market rates, with 100 per cent renewable energy to all residents. To ensure grants flow through to residents we welcome any accountability measures the government see fit. We believe residents living in embedded networks should have the same opportunity to access affordable renewable energy as anyone else, and extending these grants will just make a real difference. Thank you.

**The CHAIR:** Terrific. Energy Trade.

**Lee KOLBE:** Thank you for the opportunity to appear today. My name is Lee Kolbe. I am the Chief Operating Officer for Energy Trade. We are a distributed energy infrastructure investor and also an embedded network owner and operator working mostly in residential apartments across the east coast of Australia. We are backed by Palisade Impact and the Clean Energy Finance Corporation, who have invested in our business to further their mission of delivering positive environmental, social and community outcomes through long-term infrastructure investment. As an embedded network operator, we see firsthand both the challenges but also the opportunities in delivering renewable and affordable energy to apartment residents.

Our role typically starts at the design phase. We work with developers, encouraging them to introduce renewable energy resources into their designs and also to consider more sustainable infrastructure, such as electric hot water systems. We then fund, install, operate and maintain that infrastructure and recover those costs over time. We then also work with owners corporations once the building is complete, and we offer them incentives such as common area credits and other incentives for end user customers, such as bill relief or discounts off their energy prices.

The model works well, but it does not come without its challenges. As you would know, we are operating in an environment of increasing regulatory complexity and uncertainty. We definitely support stronger consumer protections, but there is a risk that some proposed reforms, which include things like price caps or restrictions on cost recovery for that investment, can make it difficult to sustain that long-term investment in this type of infrastructure. We would emphasise that embedded networks are not the complete solution but they definitely have a place in the transition towards more renewable and affordable assets in apartment buildings.

**The CHAIR:** Terrific. I might start. You suggested that charging households for the cost of embedded electrical network infrastructure over time, as opposed to in the purchase price of a property, is contributing to more affordable housing. I was wondering what data or other evidence you have to support this claim.

**Lee KOLBE:** We have seen from our developer partners that the prices of the apartments are lower because of that energy infrastructure investment coming from a third party. I do not have specific data on that today. I can take that on notice for sure.

**The CHAIR:** Sure. Terrific. Thank you. Other questions?

**Wayne FARNHAM:** Yes, I have got one. And I open it up to either party there. We have heard today that there has been a bit of positive and negative towards embedded networks. I think it was Housing Choices Australia that give their residents an opt-out when they move in, to look for another retailer if there is a cheaper retailer. What are your thoughts on that, and how does it affect you if you have people opting out at the start of a contract essentially when they move into the residence?

**Rosa DI NOTO:** Yes, I will go.

**Wayne FARNHAM:** Go, Rosa.

**Rosa DI NOTO:** Consumers have a power of choice, so they are allowed to switch to another retailer. They have got the right to choose their own retailer, and to be honest there is not really much of an impact on our end. The way that we operate at Energy On, we prefer customers to stay within the network. It is just much easier, so we try the best that we can to keep them. We negotiate on the rates. We talk to the customer, see what their issue is. That is where we take a stand on it.

**Wayne FARNHAM:** Lee?

**Lee KOLBE:** I might just add to that. There are some barriers to customers switching in that on-market retailers sometimes will not take those customers. That is not necessarily an embedded network operator's issue, but I think there could be more regulation to support customers being able to switch. They have introduced the embedded network manager role, who are there to kind of support that transition to an on-market meter, but I think more could be done in that space.

**Wayne FARNHAM:** Okay.

**The CHAIR:** Daniela.

**Daniela DE MARTINO:** We have heard from lots and lots of stakeholders and many – this is not necessarily my opinion, let me just make that very clear – have been quite critical about embedded networks. I am sure if you have been following along and have read Hansard, this will not come as a surprise to you. Some have suggested that the contract should be capped at three years, and some have gone even further and just said embedded networks just should not exist at all. So here is your opportunity to respond to that.

**Shawn MISQUITH:** I will take that. I think it is worth acknowledging embedded networks have had issues. That is why the Victorian government moved to ban them. That being said, not all operators are the same. You do have operators who can choose the way they run their business and pass benefits in the best interests of an owners cooperation. To the point of restricting agreements to three years, I think that would be to the detriment of owners corporations, who look to operators to fund some of those assets like solar, hot water et cetera. Where the issue is with financing, we try to help where we can, and that does help when we can extend the duration of those agreements. It helps the residents through lower rates if we can extend that, and a three-year cap does not help with solar necessarily.

**Daniela DE MARTINO:** Often developers will work with an embedded network. Are you finding many owners corporations who are actually opting in to do an embedded network? Obviously some people are opting out, but are you finding many owners corps that are actually saying, ‘Hey, we actually want an embedded network in our apartment development’?

**Shawn MISQUITH:** We have had a few reach out to us for the purposes of installing solar. A lot of owners corps say, ‘We want solar. We hear embedded networks are a great way to do it. What can you do?’ Yes.

**Lee KOLBE:** Can I just add to that? The retrofit process, from a regulatory perspective, is quite complex. We actually ourselves do not currently do retrofits, just because it is prohibitive how complex that process is. What we do find is that with what we call the brownfield markets, so existing embedded networks with other operators, the competition at that level is actually starting to really heat up. Owners corporations are starting to wise up as to how it works and they are negotiating better deals, and there is a lot of competition at that stage. We will find that if we are competing for an existing embedded network, often putting solar on the building, for example, is a great way to incentivise them to switch to us as a new operator.

And I will also say that even if a contract is 10 years, with a noisy owners corporation, you have to let them go. So I think that there is definitely still space for them to move around even with these longer contract terms in place, and there are still restrictions if a developer signs a contract early on. At that stage it is capped for a certain term.

**Rosa DI NOTO:** I will just add: on that negative perception with embedded networks, it has been there in the past. There have been a lot of changes in the regulations. There are a lot of consumer protections that have come in now just in terms of power of choice. You have got the VDO that has been brought in. You have got the obligation to be part of the ombudsman scheme. The protections are there for all the customers in the embedded networks.

**Martin CAMERON:** Just one from me. With the embedded networks that you guys run, how many and to what extent do they incorporate renewable energy at the moment?

**Lee KOLBE:** On our buildings we currently have about 11,000 kilowatts installed across our portfolio, which is about 39 per cent. We are actively trying to increase that. We are actually going back to speak to existing buildings to see if they can fit more. Then we are obviously trying to incentivise developers when we are talking to them at that contracting stage to install more solar. Of course roof space is sometimes quite difficult to come by.

**Martin CAMERON:** Absolutely.

**Shawn MISQUITH:** I do not have the exact figure of the proportion, but in our social and affordable housing portfolio they all have solar, and we ourselves installed solar at two apartment complexes in the last two years. We are actively approaching owners corporations and providing solar as an option.

**Martin CAMERON:** Thank you.

**Wayne FARNHAM:** I am going to put this one to you, Lee. You suggest a requirement to include 5 per cent onsite renewable energy generation may increase electricity costs for customers. Why would this be the case?

**Lee KOLBE:** I think what they mean in the submission there is the idea that purchasing renewable energy might increase the cost because renewable energy is more expensive at times than black energy obviously. We have an issue with the general exemption order and this requirement to have 5 per cent of the onsite consumption come from onsite renewables in that if you have a really tall high-rise building with a very small roof space, you actually cannot physically fit enough solar on that rooftop to power 5 per cent of the consumption of the building. Then if you have to purchase that offsite, that can be more expensive than purchasing it under your standard hedging contract.

**Wayne FARNHAM:** Fair enough. Rosa.

**Rosa DI NOTO:** No comment from me.

**The CHAIR:** Any other questions? Because we do have about 2 more minutes and we started a bit late.

**Wayne FARNHAM:** I am good.

**Martin CAMERON:** I am good.

**The CHAIR:** Thank you so much for coming in. As we said, if there is anything further you would like to contribute to the inquiry, please do.

Just because this is our final moment, I want to thank Marianna, Sam and Sarah for the great work that they do as a secretariat. I want to thank our friends Miki and Louis in Hansard and all of the Department of Parliamentary Services and particularly the people who clean this beautiful Eragow Room. I am going to get eragow in one more time. Thank you, everyone, for the work that is done. We look forward to sharing our inquiry later on this year, probably in September, with all of our witnesses.

**Committee adjourned.**