



On-supply of electricity

Electricity licensing

Under section 7 of the Electricity Industry Act 2004 (Act), anyone who sells electricity to a customer for consumption in Western Australia must hold a licence. A licence is also required to construct and/or operate generating works, transmission systems and distribution systems. Under section 8 of the Act, the Governor can grant a licence exemption to a person or class of persons.

The [Economic Regulation Authority](#) administers licences and the [Public Utilities Office](#) administers licence exemptions on behalf of the State Government.

What is the on-supply of electricity?

The on-supply of electricity occurs in residential and commercial premises. The on-seller purchases electricity from a licensed retailer (such as Synergy) at a master meter and on-sells the electricity under a licence exemption to customers (usually tenants) on sub-meters in the embedded network controlled by the exempt on-seller. The on-seller is usually the landlord/property owner, but can be someone that manages the embedded network on their behalf.

Licence exemptions that allow the on-supply of electricity on commercial and residential premises are in the *Electricity Industry Exemption Order 2005*. There are separate licence exemptions for caravan park operators in the *Electricity Industry (Caravan Park Operators) Exemption Order 2005*. Both Exemption Orders are available on the [State Law Publisher website](#).

What is an embedded network?

An embedded electricity network will normally be a small privately-owned and operated electricity distribution system that sits behind the main electricity network. For example, in Western Australia, the main electricity network (the South West Interconnected System) is owned and operated by Western Power and embedded networks are connected to this main network.

Embedded electricity networks are common in multi-tenanted commercial buildings, such as shopping centres, and are becoming increasingly popular in new residential developments. Embedded electricity networks are also common in retirement villages and caravan parks, where the operator owns the electrical infrastructure on the premises.

Who provides the electricity bill to the customer and what information must it include?

In an on-supply arrangement, the residential or commercial tenant does not have a direct billing relationship with the licensed retailer. The tenant's electricity retailer is the exempt on-seller. The licence exemptions require the on-seller to provide its tenant/customer with a bill that includes, as a minimum:

- the quantity of electricity supplied to the occupier of the property; and
- the fees and charges payable by the occupier for electricity supplied and the provision of electricity services in relation to the property.

In many cases, each unit or premises supplied by the exempt on-seller will have its own sub-meter that will be read by the exempt on-seller for the purposes of issuing a bill for electricity usage. If there are no sub-meters, the amount paid is usually calculated using average consumption for each location on the site, or on the basis of how much space each unit/premises takes up.

Under the licence exemptions, all residential and commercial tenants in on-selling arrangements are entitled to a bill from their exempt on-seller.

How much can an exempt on-seller charge for electricity?

An electricity tariff/pricing arrangement is typically divided into two parts: a consumption charge and a daily fixed supply charge.

Under the licence exemptions that allow a person to on-supply electricity, the per unit consumption charge is to pay for the electricity that the customer consumes. The daily fixed supply charge is to pay for 'electricity services' that are part of supplying electricity to the customer, such as the maintenance of the equipment that transports the electricity to the customer's premises.¹

As the daily fixed supply charge is intended to cover the on-seller's costs of providing these electricity services, an on-seller is not allowed to impose separate charges for these items (i.e. an on-seller cannot impose a separate charge for reading the customer's meter or preparing the customer's bill).

For residential customers of exempt on-sellers:

- If the on-seller buys electricity from Synergy or Horizon Power, a residential customer may not be charged more for electricity consumption than a residential customer of Synergy or Horizon Power would be charged.²

¹ *Electricity services* are defined in clause 6(3) of the *Electricity Industry Exemption Order 2005* and include the maintenance of the on-seller's electricity system, meter readings and the preparation and issuing of bills.

² Horizon Power and Synergy's regulated electricity prices are prescribed in the *Energy Operators (Regional Power Corporation) (Charges) By-laws 2006* and *Energy Operators (Generation and Retail Corporation) (Charges) By-laws 2006* respectively. The regulated residential prices are the A2 tariff and A1 tariff respectively.

- If the on-seller buys electricity from a retailer other than Synergy or Horizon Power, the restriction on charging no more than the amount Synergy or Horizon Power is allowed to charge its residential customers (for electricity consumed) does not apply.
- For the daily fixed supply charge, all residential customers of exempt on-sellers within Synergy or Horizon Power's licence area are entitled to be charged no more than a residential customer of Synergy or Horizon Power would be charged (this includes on-sellers that buy their electricity from a retailer other than Synergy or Horizon Power).
- If the on-seller generates its own electricity, the residential customer of the on-seller may not be charged more for the electricity than the cost the on-seller incurs in generating that electricity.

For commercial customers of an exempt on-seller, the licence exemptions do not include any requirements relating to the amount the on-seller can charge for electricity.

Where can a customer of an exempt on-seller go if they have a dispute or complaint?

Exempt on-sellers who operate embedded networks are not required to be members of the Energy Ombudsman Scheme (licensed retailers are). This means a customer of an exempt on-seller does not have access to the [Energy and Water Ombudsman's complaint and dispute resolution services](#) if a problem arises.

If a customer has a dispute or complaint, in the first instance they should try to resolve it with their exempt on-seller. However, if the dispute or complaint cannot be resolved then someone else may be able to help you. Below are details of organisations that may be able to provide assistance.

Department of Commerce – Consumer Protection

In Western Australia, the Consumer Protection Division of the Department of Commerce provides a conciliation service to consumers with individual complaints about service suppliers.

Information on consumer rights is available on the [Department of Mines, Industry Regulation and Safety](#). The [Department of Commerce website](#) also includes information regarding the Consumer Protection Division's complaint handling and conciliation services.

The Department of Commerce is responsible for ensuring that traders in Western Australia comply with the Australian Consumer Law (ACL) and may take enforcement action against traders who breach the ACL.

Consumer Protection does not normally take complaints or conciliate in matters relating to business-to-business transactions. The Small Business Development

Corporation (SBDC) provides a dispute resolution service where a business is in dispute with another business. Small Business Development Corporation

In Western Australia, SBDC offers free guidance and access to a low-cost mediation service to assist small businesses in resolving disputes with other businesses or government departments.

If you are a small business that requires advice or assistance to resolve a dispute with your exempt on-seller, SBDC may be able to help you.

Further information about SBDC's 'Alternative Dispute Resolution' service can be found on the [SBDC website](#).

Public Utilities Office

The Public Utilities Office administers licence exemptions and is responsible for this Fact Sheet. It is not a complaint handling body like the Department of Commerce, which has statutory powers to investigate complaints.

The Public Utilities Office can provide information on licence exemptions and the regulatory framework that exempt persons operate within, but cannot formally investigate complaints about a person operating under a licence exemption, such as an exempt on-seller.

Requests for information about licence exemptions can be emailed to licence-exemptions@treasury.wa.gov.au or be made by phone to (08) 6551 2777.