



## On-supply of gas

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### Gas licensing

Under section 11G of the *Energy Coordination Act 1994* (Act), anyone who sells gas to a small-use customer<sup>1</sup> in Western Australia that is transported through a distribution system must hold a licence. A licence is also required to construct and/or operate a gas distribution system. Under section 11H 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 gas?

The on-supply of gas occurs in residential and commercial premises. The on-seller purchases gas from a licensed retailer (such as Alinta Energy or Kleenheat) at a master meter and on-sells the gas under a licence exemption to customers

(usually the tenant) that are 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 who manages the embedded network on their behalf.

Licence exemptions that allow the on-supply of gas on commercial and residential premises are in the *Energy Coordination Exemption Order 2009*, available on the [State Law Publisher website](#).

### What is an embedded network?

An embedded gas network will normally be a small privately-owned and operated gas distribution system that sits behind the main gas network. For example, in Western Australia, the main gas network is owned and operated by ATCO Gas Australia Pty Ltd and embedded networks are connected to this main network.

Embedded gas networks are common in multi-tenanted commercial buildings, such as shopping centres, and multi-tenanted residential developments.

### Who provides the gas 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 gas 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:

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<sup>1</sup> The Act defines a *small-use customer* as 'a customer whose consumption of gas is less than one terajoule per year'. This equates to an annual gas bill of between \$28,000 and \$43,000, depending on the location of the customer.

- the quantity (volume) of gas supplied to the occupier of the property;
- the volumetric charge for the gas payable by the occupier (i.e. cents per unit); and
- the fees and charges payable by the occupier for the supply of gas 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 gas usage. If there are no sub-meters, the amount paid is usually calculated using the 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 gas on-selling arrangements are entitled to a bill from their exempt on-seller.

### How much can an exempt on-seller charge for gas?

If an exempt on-seller supplies gas to a residential property, the amount they can charge the residential customer for the gas or gas service<sup>2</sup> cannot be more than the amount the exempt on-seller paid for the gas or gas service. Essentially, the exempt on-seller can only pass on its costs to the customer. For example, if the exempt on-seller pays 15 cents for each unit of gas it purchases from its retailer, it cannot charge its customer more than 15 cents per unit when it on-sells the gas.<sup>3</sup>

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 gas or gas service.

### 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.

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<sup>2</sup> A gas service is a service the on-seller provides that is attributable to the supply of gas for consumption; for example, the maintenance of the gas distribution system, preparation of bills and reading meters.

<sup>3</sup> This is an example only. Gas charges vary depending on the retailer and the location and type of customer.

## **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 Mines, Industry Regulation and Safety](#) 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](mailto:licence-exemptions@treasury.wa.gov.au) or be made by phone to (08) 6551 2777.