



On-supply of gas

Gas licensing

Under section 11G of the *Energy Coordination Act 1994* (Act), anyone who sells gas transported through a distribution system to a small-use customer¹ in Western Australia must hold a gas trading 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.

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

The [Economic Regulation Authority](#) administers the licensing regime and Energy Policy WA administers licence exemptions on behalf of the State Government.

What is the on-supply of gas?

The on-supply of gas generally occurs in residential and commercial strata complexes where customers receive a bill from an on-seller, rather than a licensed retailer. The on-seller purchases gas from a licensed retailer at a master meter and on-sells the gas under a licence exemption to customers (usually the tenant) that are on sub-meters. The on-seller is usually the lessor/property owner but can be someone who manages the 'embedded network' on their behalf.

What is an embedded network?

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

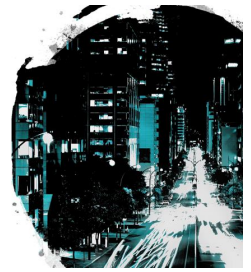
Embedded networks are common in multi-tenanted commercial buildings, such as shopping centres, and multi-tenanted residential developments.

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

In an on-supply arrangement, the gas supplier for the residential or commercial tenant 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 (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.

Under the licence exemptions, all residential and commercial tenants in gas on-selling arrangements are entitled to a bill from their 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 service² cannot be more than the amount the 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 22 cents for each unit of gas it purchases from its retailer, it cannot charge its customer more than 22 cents per unit when it on-sells the gas.³

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 a gas service.

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

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. Below are details of organisations that may be able to provide assistance.

Department of Mines, Industry Regulation and Safety – Consumer Protection

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

The Department of Mines, Industry Regulation and Safety is also responsible for ensuring that traders in Western Australia comply with the Australian Consumer Law.

Small Business Development Corporation

The Small Business Development Corporation (SBDC) provides a dispute resolution service where a business is in dispute with another business. SBDC also offers free guidance and access to a low-cost mediation service to assist small businesses in resolving disputes with other businesses or government departments. Further information about SBDC's 'Alternative Dispute Resolution' service can be found on the SBDC [website](#).

Energy Policy WA

Energy Policy WA administers licence exemptions and 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@energy.wa.gov.au or be made by phone to (08) 6551 4600.

Disclaimer – The material provided in this information sheet is general in nature and a guide only. It does not take your personal circumstances into account and so you cannot rely solely upon this material when deciding to act. Additional matters or factors may be relevant to you. Where appropriate, seek professional advice.

¹The 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.

²A 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.

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