



Fact sheet

On-selling of electricity

Information for on-sellers in embedded networks, including caravan parks

July 2022

This fact sheet provides information for on-sellers on minimum requirements for the sale of electricity in embedded network arrangements.

What is an embedded network?

An embedded electricity network is 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 networks are also common in retirement villages and caravan parks, where the property owner operates the electrical infrastructure on the premises.

What is a distribution system?

A distribution system means electricity infrastructure used, or to be used, for, or in connection with, or to control, the transportation of electricity at nominal voltages of less than 66 kV.

What is the on-supply of electricity?

The on-supply of electricity occurs where a person, known as the **on-seller**, purchases electricity from a licensed retailer (such as Synergy) at a master meter and on-sells the electricity to customers (usually tenants) in the

embedded network controlled by the on-seller. Supply is usually through sub-meters.

Who is an on-seller?

An **on-seller** is usually the property owner but can be someone that operates the embedded network on their behalf.

What is the legislation that governs the delivery and sale of electricity?

Under the *Electricity Industry Act 2004* (Act), anyone who **generates, distributes, transmits** and/or **sells** electricity to a customer for consumption in Western Australia must hold a licence or an **exemption**.



On-sellers that on-supply electricity in embedded networks are **exempt** from the requirement to hold a *retail, distribution* and or *transmission* licence provided that they adhere to the conditions of their Exemption Order.

Licence exemptions that allow the on-supply of electricity via **embedded networks** on commercial and residential premises are in the [Electricity Industry Exemption Order 2005](#).

There is a separate licence exemption for caravan park operators in the [Electricity Industry \(Caravan Park Operators\) Exemption Order 2005](#).

While the above Exemption Orders provide electricity on-sellers an exemption from the legal requirement to hold a retail licence, they must comply with the conditions of the exemption.

What happens if I do not comply with the exemption conditions?

On-sellers who do not comply with the conditions of their Exemption Order will no longer be exempt from the requirement to hold a licence.



Without a licence or an exemption, an on-seller cannot legally on-sell electricity.

What obligations do I have to my customers?

On-sellers must comply with minimum customer protection requirements outlined in their Exemption Order to on-sell electricity in an embedded network.

Under the Exemption Orders, on-sellers have obligations related to:

- **billing;**
- **charging;** and
- residents who require **life support equipment.**

What are my billing obligations?

The Exemption Orders require on-sellers to provide their residential and commercial tenants a bill.

The bill must include as a minimum:

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

The customer must be able to easily access this information.

In many cases, each unit or premises will have its own sub-meter that can be read for the purposes of issuing a bill for electricity usage.

If there are no sub-meters, then the amount paid might be calculated on the basis of how much space each unit/premise takes up (e.g. a business occupying 25% of the floor space of a complex that is serviced by an embedded electricity network might be responsible for 25% of the consumption charges for an embedded network).

What are electricity services?

Electricity services include:

- the maintenance of the electricity system that transports electricity to a property;
- the connection of a property to an electricity system;
- meter readings; and
- the preparation and issuing of bills.

How much can I charge for electricity?

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

The per unit consumption charge is to pay for the electricity that the customer consumes, while the daily fixed supply charge is to pay for electricity services that are part of supplying electricity to the customer.



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 additional charges for these items. That is, an on-seller cannot impose a additional charge for services such as reading the customer's meter or preparing the customer's bill.

Additional pricing requirements that apply to residential customers of 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.
 - Synergy and Horizon Power's regulated electricity prices are the A1 tariff and A2 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.
- If the on-seller generates its own electricity, a 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 the **daily fixed supply charge**, all residential customers of on-sellers located **within** Synergy or Horizon Power's licence areas cannot be charged more than a residential customer of Synergy or Horizon Power would be charged for this fee. This includes on-sellers that:
 - buy their electricity from Synergy or Horizon Power; or
 - buy their electricity from a retailer other than Synergy or Horizon Power; or
 - generate their own electricity.



For commercial customers of an on-seller, the Electricity Industry Exemption Order 2005 does not include any requirements relating to the amount the on-seller can charge for electricity or electricity services.

What are my obligations to people who require life support?

A comprehensive list of an on-seller's obligations in relation to residents in embedded networks, including residents who require certain life support equipment, is provided in [Table 1](#).

Further information on protections for customers requiring life support and their responsibilities can be found [here](#).



A person requiring life support equipment does not need to be the owner or renter of the apartment, caravan site or similar for the protections to apply.

Am I required to be a member of the Energy Ombudsman Scheme?

On-sellers who operate embedded networks are not permitted to be members of the Western Australian Energy and Water Ombudsman Scheme, which is restricted to licensed retailers and distributors. This means a customer of an exempt on-seller does not have access to the Energy Ombudsman's complaint and dispute resolution services if a problem arises.

My customer has a dispute about their electricity service with me. What can I do?

In the first instance, if an on-seller and their customer have a dispute or complaint, they should try to resolve it between themselves.

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 assist.

Department of Mines, Industry Regulation and Safety – Consumer Protection Division

The Consumer Protection Division of the Department of Mines, Industry Regulation and Safety (Consumer Protection) provides advice and information to Western Australian consumers, businesses, landlords and tenants. It also provides a conciliation service to consumers with individual complaints about service suppliers.

Information on consumer rights, the complaint handling process and the conciliation service is available on the [Department of Mines, Industry Regulation and Safety website](#).

Consumer Protection 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, the 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 customer in an embedded network, the SBDC may be able to help you.

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

Energy Policy WA

Energy Policy WA administers licence exemptions and is responsible for this fact sheet. It is not a complaint handling body like the Consumer Protection, which has statutory powers to investigate complaints.

Energy Policy WA 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.

Energy Policy WA can be contacted by phone on 6551 4600 or by email at licence-exemptions@energy.wa.gov.au

Table 1: On-seller's obligations

Billing and charging obligations

1. Provide a bill to a customer that outlines (at a minimum):
 - the quantity of electricity supplied to the occupier of the property; and
 - the fees and charges payable for the:
 - electricity supplied; and
 - provision of electricity services in relation to the property.
2. For residential customers:
 - Consumption charges
 - If the on-seller buys electricity from Synergy or Horizon Power, charge no more for electricity consumption than a residential customer of Synergy or Horizon Power would be charged.
 - 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 charge their residential customers for electricity consumed does not apply.
 - If the on-seller generates its own electricity, charge no more for the electricity than the cost incurred generating that electricity.
 - Daily supply charges
 - For the daily fixed supply charge, in a licensed area in which Synergy or Horizon Power operates, charge no more than a residential customer of Synergy or Horizon Power would be charged. This includes on-sellers that:
 - buy their electricity from Synergy or Horizon Power; or
 - buy their electricity from a retailer other than Synergy or Horizon Power; or
 - generate their own electricity.

Life support obligations

1. Collect and maintain records of properties where a person requiring life support equipment resides. Each record should include:
 - a copy of the medical certification stating that the person requires life support equipment;
 - the property address; and
 - the phone number and email address of the occupier of the property, who can be the person who requires life support equipment or a different person residing at the property.
2. Notify their electricity retailer that a person residing at their electricity supply address requires life support equipment and provide the retailer with a copy of the person's medical certification within 48 hours of receiving it.

This must be done for each person who requires life support equipment, even if they live at the same property.

Life support obligations (continued)

3. On being informed that a person requiring life support equipment has either vacated their property or no longer requires the use of life support equipment, the on-seller must:
 - notify their electricity retailer of this situation within 48 hours;
 - remove the property from the register; and
 - if more than one person at the property requires life support equipment, not remove the property from the register unless there is no one at the property who requires life support equipment.
4. If there is a planned interruption to the supply of electricity to a registered property (e.g. to do electrical work on site), either:
 - give at least 48 hours notice to the occupier of the property of the planned interruption; or
 - obtain the consent of the occupier to interrupt the supply of electricity to the property.
5. Not disconnect the registered property for a failure to pay an electricity bill.
6. Pass on, within 48 hours of receiving notification, to the occupier of the registered property any planned outage notifications from the network service provider (Western Power or Horizon Power).
7. Pass on, within a reasonable time, to the occupier of the registered property requests from the electricity retailer for annual renewal of the registration and three-yearly re-certification to confirm that a person continues to require life support equipment.
8. If an on-seller is replaced by another, then the new on-seller must within 48 hours
 - notify each occupier of the supply address that they are now the on-seller; and
 - ask each occupier whether any person at the address requires life support equipment.

Energy Policy WA

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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.