



## Fact sheet

# On-selling of electricity

## *Information for residential and commercial customers in embedded networks*

June 2023

**This fact sheet provides information on minimum requirements for the sale of electricity to residential and commercial customers in embedded network supply arrangements.**

### How do I know if my electricity is supplied by an on-seller?

In on-selling arrangements, your contractual and billing relationship is with the embedded network operator. In some instances, the embedded network operator may contract these services out to a third-party who has experience in operating billing and metering services.

### 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 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 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?

The 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 on-sellers?

Under the *Electricity Industry Act 2004*, anyone who sells electricity to a customer for consumption in Western Australia must hold a retail licence or a licence exemption.



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

Licence exemptions that allow the on-supply of electricity on commercial and residential premises are provided 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](#).

### What happens if the on-seller does not comply?

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



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

### How does being in an embedded network affect my energy-related customer protections?

All energy consumers have protections and rights, but they are different depending on whether you purchase your electricity from an on-seller or a licensed retailer.

An on-seller must comply with minimum customer protection requirements outlined in the relevant Exemption Order to sell electricity in an embedded network. Licensed retailers have a broader set of customer protections they must provide, including those specified in the [Code of Conduct for the Supply of Electricity to Small Use Customers](#).

### What obligations does the on-seller have to me?

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

Certain protections are also in place for residents in on-selling arrangements who require **life support equipment**.

### What are these life support protections?

Information on protections for customers depending on life support equipment can be found [here](#).



To support these protections, there are certain steps that both **on-sellers** and **residents** must take.

### What information must my bill include?

An on-seller must provide you with a bill that includes, as a minimum, information on:

- 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.

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

If there are no sub-meters, the amount paid is usually calculated on the basis of how much space each unit or premises 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 the embedded network).

### What are electricity services?

Electricity services include the maintenance of the on-seller's electricity system that transports the electricity to the customer's premises, meter readings and the preparation and issuing of bills.

### How much can an on-seller 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 an 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.
- 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 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 on-seller, the Electricity Industry Exemption Order 2005 does not include any requirements relating to the amount the on-seller can charge for electricity.

**Can I still access energy concessions from an embedded network?**

Yes, eligible concession card holders who are not billed directly by Synergy or Horizon Power can access the Energy Assistance Payment, Dependent Child Rebate and/or Air-Conditioning Rebate through the [Energy Concession Extension Scheme \(ECES\)](#).

**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 permitted to be members of the Western Australian Energy and Water Ombudsman Scheme. This means that 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.

If you have a dispute or complaint, in the first instance you should try to resolve it with your on-seller. However, if the matter cannot be resolved the following agencies 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 provides advice and information to Western Australian consumers, businesses, landlords and tenants. It also provides a conciliation service to consumers with individual complaints about product or 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 your exempt on-seller, 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 Division, 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 electricity on-seller.

Energy Policy WA can be contacted by phone on (08) 6551 4600 or by email using [licence-exemptions@energy.wa.gov.au](mailto:licence-exemptions@energy.wa.gov.au).

**Energy Policy WA**

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[www.energy.wa.gov.au](http://www.energy.wa.gov.au) | [www.brighterenergyfuture.wa.gov.au](http://www.brighterenergyfuture.wa.gov.au)

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