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Diversification**

Exposure Draft – Electricity Industry (Alternative Electricity Services) Regulations 2025

Reading Guide

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Glossary

Term	Definition
Act	<i>Electricity Industry Act 2004</i>
AES	Alternative Electricity Service, which is an electricity service that has been prescribed by regulations to be an AES
AES Code of Practice	The AES Code of Practice made by the Minister for Energy and Decarbonisation
AES Prescribing Regulations	Electricity Industry (Alternative Electricity Services) Regulations 2025
Authority	Economic Regulation Authority
Caravan Park Exemption Order	Electricity Industry (Caravan Park Operators) Exemption Order 2005
Exemption Order	Electricity Industry Exemption Order 2005
Long Stay Parks Act	<i>Residential Parks (Long-stay Tenants) Act 2006</i>
Nested network	Has the meaning in regulation 3 of the AES Prescribing Regulations
Ombudsman	Energy and Water Ombudsman Western Australia
Ombudsman scheme	The Electricity Ombudsman scheme established by Part 7 of the <i>Electricity Industry Act 2004</i>
On-site power supply system or OPS system	Has the meaning in regulation 3 of the AES Prescribing Regulations
OPS AES	Has the meaning in regulation 3 of the AES Prescribing Regulations
Parent meter	Has the meaning in regulation 3 of the AES Prescribing Regulations
Private network	Has the meaning in regulation 3 of the AES Prescribing Regulations
Supply	Has the meaning in section 3 of the <i>Electricity Industry Act 2004</i>
Single property	Has the meaning in regulation 3 of the AES Prescribing Regulations
Single property network or SPN	Has the meaning in regulation 3 of the AES Prescribing Regulations
SPPA Exemption Order	Electricity Industry (Solar Power Purchase Agreements) Exemption Order 2016
SPN AES	Has the meaning in regulation 3 of the AES Prescribing Regulations
State agency	Has the meaning in section 5(1) of the <i>Procurement Act 2020</i>
Voluntary Embedded Networks Code of Practice	A voluntary code of practice for embedded networks which applied from February 2024 to September 2024

1 Overview

1.1 Introduction

On 25 July 2025, the Minister for Energy and Decarbonisation announced the decision to regulate two services under the new Alternative Electricity Services (AES) registration framework.

Those services are:

- the supply of electricity within an embedded network (now referred to as single property network (SPN)); and
- on-site power supply (OPS) arrangements.

The purpose of this paper is to provide a reading guide to the exposure draft of the regulations that will enact this decision, and [which is available on our website](#). The regulations are to be made under Section 59C of the *Electricity Industry Act 2004* (Act).

The decision to regulate the first two services was made following comprehensive consultation.

More information on the AES registration framework, the role of the Economic Regulation Authority (Authority) and the Energy and Water Ombudsman Western Australia (Ombudsman) can be found on the [Energy Policy WA website](#) and in the frequently asked questions at section 5 of this reading guide.

1.2 What does this reading guide cover?

This reading guide goes through the regulations step-by-step to provide a brief explanation of the intent of each clause and the following information on each service:

- how the service is defined;
- what is not considered to form part of the service;
- who is eligible to register to provide the service;
- who is exempt from the requirement to register to provide the service; and
- any conditions of registration to provide the service.

SPNs are discussed at section 2 and OPS services are discussed at section 3 of the paper.

Change in terminology for embedded networks to single property networks

Please note a change in terminology in this reading guide and the AES Prescribing Regulations from “embedded network” used in previous consultations and in the Voluntary Embedded Networks Code of Practice, to “single property network” (or SPN).

While the term embedded network is used widely in the sector to mean a single property private network, it is not a term used in the Electricity Industry Exemption Order 2005 (Exemption Order) or the Electricity Industry (Caravan Park Operators) Exemption Order 2005 (Caravan Park Exemption Order). Embedded networks has a broader meaning in the Act than what is intended to be captured by the AES registration framework.

Energy Policy WA considers “single property network” more accurately describes the physical characteristics of the private networks intended to be regulated under the AES registration framework.

Section 4 of the paper provides information on regulations regarding consultation processes, handling of confidential information and arrangements for registration.

Section 5 covers frequently asked questions about the first two services to be registered and the AES registration framework generally.

1.3 Consultation

Energy Policy WA is inviting stakeholder feedback on the draft AES Prescribing Regulations. Submissions can be sent to EPWA-AES@deed.wa.gov.au by 5pm (AWST) on **27 February 2026**.

All submissions received will be published on the Energy Policy WA website, unless a specific request for confidentiality is made. Please indicate on the covering page of your submission if you wish to have part or all of your submission treated as confidential.

Requests for information relating to this process will be treated in accordance with the *Freedom of Information Act 1992* (WA) and Department of Energy and Economic Diversification processes.

1.4 Next steps

- At the conclusion of this consultation period, Energy Policy WA will consider all submissions received and provide further advice to the Minister for Energy and Decarbonisation.
- Any amendments to the draft AES Prescribing Regulations resulting from this consultation will be made and progressed with the Parliamentary Counsel's Office.
- Stakeholders will be notified by email when the AES Prescribing Regulations are formally made by Executive Council.
- Stakeholders will be updated on fees payable by registration holders and the AES Code of Practice in the first half of 2026.

1.5 When do the obligations come into effect?

Subject to any exemptions applicable, any person who provides a service prescribed in the AES Prescribing Regulations will need to:

- register with the Authority; and
- become a member of the Ombudsman scheme,

in order to provide the service.

It is anticipated that registration for providers of the first two services prescribed will become mandatory in early 2027. These timings are indicative only and stakeholders will be informed of any changes.

Work to wind back on-selling exemptions under the Exemption Order and Caravan Park Exemption Order 2005, and exemptions under the Electricity Industry (Solar Power Purchase Agreements) Exemption Order 2016 (SPPA Exemption Order) will begin in 2026, ahead of commencement of the AES registration framework.

Stakeholders currently:

- on-supplying electricity;
- operating under SPPA exemptions; or
- wishing to enter the Western Australian market for either service,

are strongly encouraged to seek independent legal advice on the nature of their current operations to determine if the AES registration framework will apply to the services they provide.



2 Single property networks

2.1 What is a single property?

The term single property is defined in regulation 3 of the AES Prescribing Regulations. This new definition is consistent with the previous concept of “on a property” used in clause 4 of the Exemption Order.

To address confusion arising from the Exemption Order, the AES Prescribing Regulations expressly provides for situations where there may be a physical separation by a road or railway between the commonly held land.

Energy Policy WA does not consider that this should prohibit the property being considered adjoining land and therefore a single property.

For example, a shopping centre or retirement village across multiple land titles all held by the same person, but separated by a road or railway, may still be considered a single property. The adjoining land must be held by the same person to be considered a single property.

Stakeholders should seek independent legal advice as to whether any land holding qualifies as a single property.

Regulation 3. Terms used

single property means all adjoining land held by the same person, whether or not the land is –

- (a) separated by a road or railway; or
- (b) subdivided by a strata titles scheme (as defined in the *Strata Titles Act 1985* section 3(1)); or
- (c) subdivided by a community scheme (as defined in the *Community Titles Act 2018* section 3(1)).

2.2 What is a single property network?

A SPN means each of:

- a private network (excluding any part of the private network that forms part of a nested network); and
- a nested network.

SPNs vary in complexity, and some properties will have more than one SPN located on them. To differentiate between different SPNs located on a property, the AES Prescribing Regulations establish two forms of networks which may be found on a single property: private networks and nested networks. Both are SPNs.

Most SPNs will be simple private networks. However, some complex sites may include several nests of independently owned and operated networks. The

Regulation 4. Meaning of “single property network”

- (1) ...
- (2) For the purposes of this Part, a **single property network** is each of the following —
 - (a) a private network (excluding any part of the private network that forms part of a nested network);
 - (b) a nested network

definition of nested networks allows for the necessary regulation of these more complex sites.

2.2.1 What is a nested network?

A nested network means any part of a private network metered separately from the other parts of the private network and used to supply electricity, whether directly or indirectly, to more than one premises for the purposes of consumption. A nested network is an SPN.

Figure 1 shows a complex single property site with a private network SPN and a nested network SPN.

On this site there are two SPNs.

Regulation 4. Meaning of “single property network”

(1) In this regulation —

nested network means any part of a private network that is —

(a) metered separately from the other parts of the private network; and

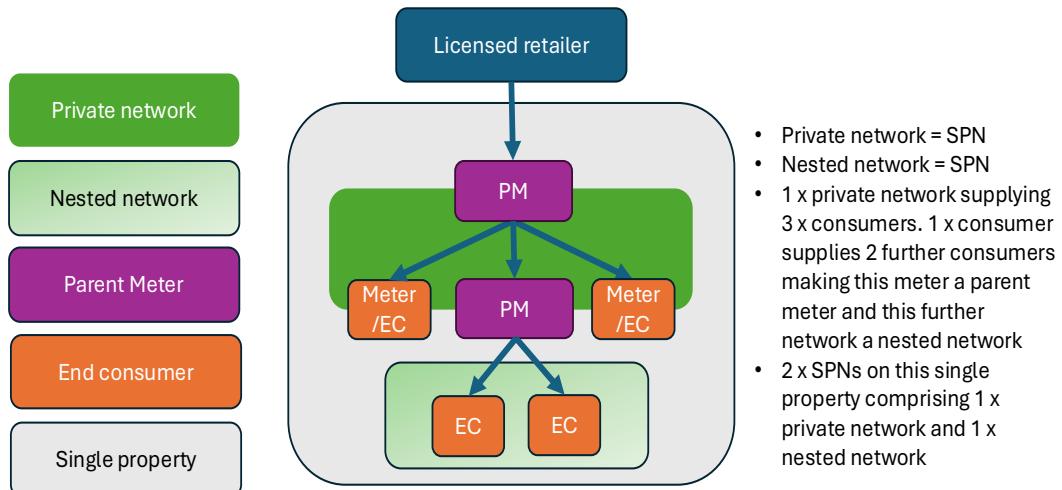
(b) used to supply electricity, whether directly or indirectly, to more than 1 premises for the purposes of consumption;

private network means a distribution system (other than a licensed network) that is —

(a) located on a single property; and

(b) supplied with electricity directly by a licensed network.

Figure 1: A complex single property site with a private network SPN and a nested network SPN



2.2.2 What is a private network?

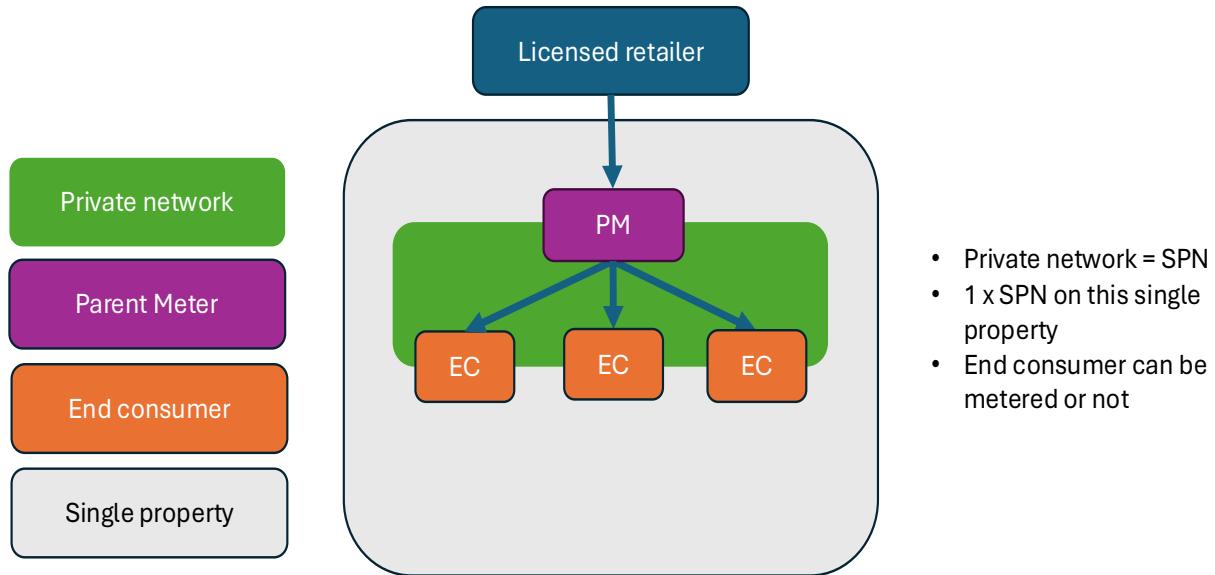
A private network means a distribution system, that is not a licensed network, located on a single property and supplied with electricity directly by a licensed network.

Under the terms used in regulation 3, a licensed network means a distribution system that is operated under the authority of a distribution licence or an integrated regional licence. Examples of licensed networks include the South West Interconnected Network operated by Western Power and the Horizon Power electricity networks.

Figure 2 shows a single property site with a simple private network SPN.

On this site there is only one SPN.

Figure 2: A single property site with a simple private network SPN



All private networks are SPNs, for example, a stand-alone house or building on a single property. However, this does not mean that all private networks will be regulated under the AES registration framework. See section 2.3 below for what a SPN AES is and what is excluded from SPN AES.

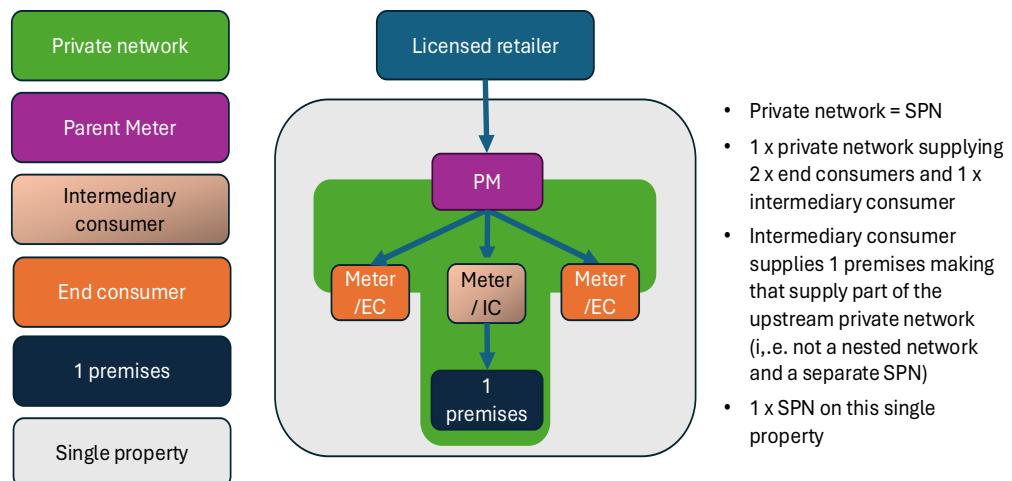
2.2.3 What if I am a customer in an SPN and on-supply electricity to a tenant?

If a person is an intermediary electricity consumer in an SPN (i.e. a customer of an SPN AES provider) but also on-supplies electricity to only one premises for the purpose of consumption, the supply to this premise will form part of the private network SPN upstream rather than forming a new nested network SPN. Examples of this may include an investor landlord on-supplying electricity to a tenant under a lease, or a head franchisor who on-supplies electricity through a sublease with a franchisee. These persons will not need to register as a SPN AES provider due to the exemption provided in regulation 7 (discussed further at section 2.7 of this reading guide).

Figure 3 shows a single property site with a private network and an intermediary consumer on-supplying to one premises.

On this site there is only one SPN as the further supply is aggregated with the upstream private network SPN.

Figure 3: A single property site with a private network and an intermediary consumer on-supplying to one premises



- Private network = SPN
- 1 x private network supplying 2 x end consumers and 1 x intermediary consumer
- Intermediary consumer supplies 1 premises making that supply part of the upstream private network (i.e. not a nested network and a separate SPN)
- 1 x SPN on this single property

2.2.4 What is not a single property network?

It is not intended to capture the following as an SPN:

- a stand-alone power system (as defined in the Act); or
- a behind the meter multi property¹ private electricity network, where electricity is supplied to multiple green title properties via one master meter connected to the main electricity grid and where retail and distribution licences are required to supply electricity within the network.

Stakeholders should note that within a multi property private electricity network there may be downstream privately owned SPNs, to be subject to regulation under the AES registration framework. A person supplying electricity within an SPN located on a single property in a multi-property private network, will need to be registered as per requirements under Part 3A of the Act.



2.3 What is an SPN AES?

Regulation 5(2) provides that the supply of electricity within a SPN is an AES. The service will be known as a SPN AES.

Regulation 5. Alternative electricity service

- (1)
- (2) Subject to subregulations (3) and (4), the supply of electricity within an SPN is an alternative electricity service.
- (3)
- (4)

¹ Where land is separately held by individual unrelated people

2.4 What is meant by supply of electricity within an SPN?

Supply is defined in section 3 of the Act to mean any one or more of the following:

- generate;
- transport through a transmission system;
- transport through a distribution system; or
- sell.

For the purposes of subregulation 5(2), this means that a person who does any of the above within an SPN will be providing an SPN AES unless the activity is excluded under subregulations 5(3) and (4). Section 2.5 of this reading guide discusses activities that are not an SPN AES.

For example, a person may buy electricity at the parent meter, generate electricity on site, transport electricity within the distribution system that forms the SPN and sell that electricity to people who use or consume the electricity within the SPN.

No matter how a supplier providing SPN AES bills for the electricity supplied, whether on one bill or split into several, the AES registration framework still applies. For example, if a supplier issues one bill just for electricity consumption within the home and another for electricity used for air conditioning purposes, both supplies are considered an SPN AES.

Stakeholders should note that the SPN AES definition is concerned with supply within the SPN, rather than exports of electricity into the licensed network. Exporting activities are not restricted under the AES registration framework.

2.5 What activities are not an SPN AES?

Subregulations 5(3) and (4) set out the types of activities that are not considered an SPN AES and therefore not subject to regulation under the AES registration framework.

Within an SPN a person may perform activities that are, and are not, an SPN AES (under subregulation 5(2) and subregulations (3)-(5) respectively).

In this case a person must register and comply with the AES registration framework in relation to SPN AES activities. The registration holder will not need to comply with the AES Code of Practice for supply that is not considered to be a SPN AES.

The person may still require a distribution and/or retail licence (if the electricity is sold) under section 7 of the Act or an exemption under section 8 of the Act, for any of the exclusions in subregulations (3) and (4) of the AES Prescribing Regulations.

2.5.1 Self-supply

Subregulation 5(3)(a) excludes situations where electricity is supplied within an SPN to the supplier itself, or if the supplier is a body corporate, to a related body corporate of the supplier. These arrangements are not considered as the provision of an SPN AES.

For example, if a SPN was established only to supply electricity to a related body corporate of the supplier, the supplier will not be subject to regulation under the AES registration framework.

Where a person provides both an SPN AES and supplies itself or its related body corporate within the SPN (for example, to facilitate works at the property) only the customers receiving SPN AES will be protected under the AES Code of Practice and be able to access the Ombudsman.

For avoidance of doubt, it is intended that the supply of electricity by a strata company to its lot owners (or others, such as tenants), be considered as a SPN AES and subject to regulation.

Regulation 5 continued

(3) The supply of electricity within an SPN to the following is not an SPN AES –

- (a) the supplier of the electricity within the SPN and, if the supplier is a body corporate, any other person who is a related body corporate of the supplier;
- (b) ...;
- (c) ...;
- (d)

2.5.2 Individual supplying five or less consumers

Regulation 5(3)(b) provides that the supply of electricity within an SPN to no more than five consumers (in addition to the supplier) is not an SPN AES if the supplier occupies a residence on the same single property on which the SPN is located.

Some examples of this might include:

- a share house where one resident has the master meter account in their name and on-sells electricity to five other residents (or less);
- a granny flat or studio on the same single property as the main residence with or without a separate meter, where the supplier occupies a residence on that same property; or
- farms with multiple residences for workers with or without separate meters, where the supplier occupies a residence on the same single property.

Regulation 5. continued

(3) The supply of electricity within an SPN to the following is not an SPN AES –

- (a) ...;
- (b) if the supplier occupies a residence on the same single property on which the SPN is located – 5 or less consumers of the electricity, in addition to the supplier;
- (b) ...;
- (c)
- (d)

For clarity, this exclusion is not intended to apply to strata schemes and therefore cannot be used by a strata company to avoid registration.

Energy Policy WA, along with the Authority and the Ombudsman, will monitor this exclusion. If there is evidence of sub-optimal customer outcomes (i.e. consumers being charged inflated prices or tariffs above those applicable under the AES Code of Practice), Energy Policy WA will reconsider whether the exclusion should continue to apply.

2.5.3 Supply by a State agency to one or more State agencies

Regulation 5(3)(c) provides that the supply of electricity within an SPN by a State agency² to another State agency, is not an SPN AES. These agencies are well placed to resolve any issues relating to electricity supplied to them by other State agencies within an SPN.

Where a State agency supplies a commercial customer as well as a State agency customer, within the same SPN, the State agency will need to register to provide the SPN AES and comply with the AES Code of Practice. Only customers receiving an SPN AES will be protected under the AES Code of Practice and be able to access the Ombudsman.

2.5.4 Temporary accommodation

Subregulation 5(3)(d)(i) provides that the supply of electricity within an SPN to any person for purposes associated with temporary accommodation is not an SPN AES.

Temporary accommodation is accommodation occupied by a person for up to three months, either continuously or from time to time, in any 12-month period. This exclusion applies if electricity is charged separately to accommodation charges, whether consumption is measured or not.

Examples include the supply of electricity in caravan parks (not subject to the *Long Stay Parks Act*) or holiday rentals

Regulation 5. continued

(3) The supply of electricity within an SPN to the following is not an SPN AES –

- (a) ...;
- (b) ...;
- (c) if the supplier is a State agency – 1 or more State agencies;
- (d) ...;

Regulation 5. continued

(3) The supply of electricity within an SPN to the following is not an SPN AES –

- (a) ...;
- (b) ...;
- (c) ...;
- (d) any person as follows –
 - (i) for the purpose of temporary accommodation, being accommodation occupied by the person for a total of no more than 3 months, either continuously or from time to time, in any 12 month period;
 - (ii) ...

² The definition of a “State agency” is provided in Section 5 Frequently asked questions

where the charge for electricity consumption is not bundled together with the accommodation rate. In this case the exclusion at subregulation 5(3)(d)(ii) could apply.

2.5.5 Incidental electricity supply without charging separately

Subregulation 5(3)(d)(ii) provides that the supply of electricity within an SPN to any person incidentally with other goods or services sold or provided to the person, is not an SPN AES, but only if the person is not charged separately for electricity supplies.

This exclusion is designed for supplies of electricity within SPNs where a customer is charged an all-inclusive or bundled amount, regardless of whether consumption is measured by the supplier.

Examples of where the exclusion could apply include hotels and other forms of all-inclusive accommodation like student accommodation or leases, where rent is charged on a gross basis and is inclusive of electricity costs.

While there may be some overlap between this exclusion and that for temporary accommodation, they are distinguishable based on whether the customer is charged separately for electricity.

Regulation 5. continued

(3) The supply of electricity within an SPN to the following is not an SPN AES –

- (a) ...;
- (b) ...;
- (c) ...;
- (d) any person as follows –
 - (i) ...;
 - (ii) incidentally with other goods or services sold or provided to the person, but only if the person is not charged separately for the supply of the electricity.

2.5.6 Charging electric vehicles

Subregulation 5(4) provides that the supply of electricity within an SPN for the purpose of electric vehicle charging is not an SPN AES, but only where the SPN is not also used, or intended to be used, for an SPN AES.

For example, if an SPN is only used for electric vehicle charging purposes and/or another activity that is not a SPN AES, it will not be considered as an SPN AES and would not need to comply with the AES registration framework.

However, if the registration holder for an SPN provides an SPN AES and supplies electricity for electric vehicle charging, this supply is then considered to be an SPN AES.

Regulation 5 continued

(4) The supply of electricity within an SPN for the purpose of charging electric vehicles, is not an SPN AES if the SPN is not also used, or intended to be used, to provide an SPN AES.

2.6 Who needs to register with the Authority?

2.6.1 Registration for SPN AES

Pursuant to section 59D(1) of the Act, a person must not provide an SPN AES to customers unless the person is registered to provide a SPN AES.



2.6.2 Who is eligible to be granted a registration to provide SPN AES?

The default person to hold a registration to provide an SPN AES for a SPN is the account holder for electricity supply to that SPN (i.e. the purchaser, or intended purchaser, of electricity from a distribution system at a parent meter for the SPN).

Regulation 3 provides that a parent meter is a meter that measures the flow of electricity:

- (a) for an SPN that is a private network – from a licensed network to the SPN; or
- (b) for an SPN that is a nested network – from a private network to the SPN.

Energy Policy WA considers the account holder is the most appropriate person in most circumstances to be responsible for the SPN as this person:

- negotiates and agrees the price of electricity supplied at the parent meter;
- determines the price to be paid by the customers of the SPN;
- determines the terms and conditions of the supply of the electricity; and
- interacts with customers to provide support regarding electricity supply.

This person usually has financial control of the SPN and the most decision-making power. Given this, the account holder is best placed to take on the obligations of the AES registration framework, particularly those required by the AES Code of Practice.

Regulation 3 Terms used.

parent meter means a meter that measures the flow of electricity —

- (a) for an SPN that is a private network — from a licensed network to the SPN; or
- (b) for an SPN that is a nested network — from a private network to the SPN;

In response to stakeholder feedback during earlier consultation Energy Policy WA has provided for some flexibility regarding who is eligible to be granted a registration under regulation 6. A person other than the account holder may be eligible to apply to the Authority to be granted a registration, but only if they supply electricity within the SPN.

A service provider only providing billing or meter reading services under a service contract with the account holder does not supply electricity within an SPN, and is therefore not eligible to be granted a registration.

Only one registration may be granted for a SPN, however, more than one registration may be granted in relation to a single property on which more than one SPN is located. For example, if two or more SPNs are situated on a single property.

Further, a person may hold a registration in relation to more than one SPN. For example, those SPN operators servicing multiple single property sites across Western Australia.

As the Authority is responsible for administering and enforcing the AES registration framework under section 59ZD of the Act, it will produce guidance on how it will administer, process and determine registration applications closer to commencement of the AES registration framework³.

2.7 Who is exempt from the requirement to register?

Regulation 7 exempts a person who supplies electricity within an SPN from the requirement to be registered, if another person already holds a registration for the SPN. Some examples of where this exemption may apply include:

- Strata company or property owner (for distribution through electricity infrastructure owned by the strata

Regulation 6.

- (1) A person is eligible to be granted a registration to provide an SPN AES in relation to an SPN if –
 - (a) the person (the **account holder**) purchases, or intends to purchase, electricity from a distribution system at a parent meter for the SPN; or
 - (b) if the person is not the account holder - the person supplies electricity within the SPN.
- (2) Despite subregulation (1), only 1 registration may be granted in relation to a particular SPN.
- (3) Subregulation (2) does not prevent –
 - (a) more than 1 registration being granted to a person in relation to a single property on which more than 1 SPN is located; and
 - (b) a person from holding 1 registration in relation to more than 1 SPN.

Regulation 7. Exemption from registration

A person who supplies electricity within an SPN is exempt from the requirement to be registered to provide an SPN AES in relation to the SPN if another person already holds a registration in relation to the SPN.

³ Section 59G(a) of the Act provides that registration applications must be made in a form approved by the Authority and section 59K provides that an applicant must provide any additional information that the Authority may reasonably require for the proper consideration of an application.

company or property owner) when another person is the account holder and holds the registration for the SPN.

- Investor landlord within an SPN who on-sells electricity to a tenant through a lease (see *What if I am a customer in an SPN and on-supply electricity to a tenant?* for discussion on intermediary consumers supplying electricity within an SPN).
- Tenant franchisor in an SPN with a sublease to a subtenant franchisee in a shopping centre that on-sells electricity to the subtenant through the sublease (again see *What if I am a customer in an SPN and on-supply electricity to a tenant?* for discussion on intermediary consumers who on-supply electricity within an SPN).

A person who is exempt under regulation 7 will not be required to obtain retail or distribution licences under section 7(7)(b) of the Act, however this exemption would relate only to the supply of electricity within an SPN.



2.8 Fast track processing and public consultation

Regulations 8(1) and (2) provides that the supply of electricity within a SPN is excluded from the requirements of section 59F(1) and L(2) of the Act respectively. This means that the Authority is not required to carry out public consultation on the grant, renewal, amendment or transfer of a registration. It allows fast track processing of registration applications for SPN AES.

Energy Policy WA anticipates that new requirements associated with prescribing of the SPN AES obligations are likely to initially generate a large number of applications, and the above exclusions will allow for faster processing of registration applications for existing suppliers and timely processing of new SPN AES providers.

Regulation 8. Exemptions for decisions about registrations for SPNs

- (1) The Authority is not required to comply with the following when exercising a power conferred by Part 3A Division 2 or 3 of the Act in relation to an SPN —
 - (a) section 59F(1) of the Act;
 - (b) the *Economic Regulation Authority Act 2003* section 26(1)(a).
- (2) An SPN AES is exempt from the requirements of section 59L(1) of the Act.

2.9 Terms and conditions of SPN AES registration

Regulation 9(a) prohibits the supply of electricity within an SPN if the address of the SPN is not specified on the register in relation to the supplier's registration.

Regulation 9(b) places responsibility for compliance with the AES Code of Practice (as it relates to a SPN AES) on the registration holder. This applies even if the registration holder uses other parties to perform certain functions within the SPN (i.e. outsources billing or other services).

It also applies where the registration holder supplies electricity to a customer who then further supplies to one other customer within the SPN (referred to as intermediaries).

A practical example of this may be a registration holder selling to an investor landlord who then further supplies electricity to their tenant through a lease.

Another is where a registration holder supplies to a head franchisor that then passes costs on to their franchisee.

See *What if I am a customer in an SPN and on-supply electricity to a tenant?* for discussion on intermediary consumers supplying electricity within an SPN.

A registration holder should ensure it obtains disclosure from its customers about any potential arrangements within the SPN that involve intermediaries so that they are able to comply with the condition at regulation 9(b). This can be facilitated through a registration holder's contractual arrangement with its customer.

Regulation 9(b) will be updated once the AES Code of Practice is drafted and the AES Prescribing Regulations are made to reflect the relevant part of the AES Code of Practice that applies for SPN AES.

Section 5.12 below discusses the enforcement powers of the Authority under Part 3A, Division 7 of the Act, in the event of a failure of a registration holder to comply with the requirements of Part 3A, including any conditions of registration.

Regulation 9. Terms and conditions of registration

It is a condition of registration to provide an SPN AES that the registration holder –

- (a) must not supply electricity within an SPN unless the address of the SPN is specified on the register in relation to the registration; and
- (b) must take all reasonable steps to comply with, and to ensure compliance with, Part [TBA] of the AES code of practice in relation to each person provided with the SPN AES within the SPN, whether or not the SPN AES is provided to each person directly by the registration holder.

2.10 The register must specify the address of each SPN

Regulation 10 provides that the register maintained by the Authority must specify the address of each SPN in relation to which a registration is granted. An SPN must only be included on one registration for a SPN AES.

Further, public consultation required by regulation 14 (see section 4 of this reading guide below), is not required on the amendment of a registration to add or remove an SPN address for which a registration holder is responsible.

Regulation 10. Register

- (1) The register must include the address of each SPN in relation to which a registration is granted.
- (2) The address of an SPN must only be included on the register in relation to 1 registration.
- (3) Regulation 14 does not apply to the amendment of a registration only for the purpose of specifying the address of an SPN on the register in relation to a person's registration.

3 On-site power supply systems

3.1 What is an OPS system

An OPS system is a system that stores and/or produces electricity. While an OPS system commonly includes solar panels and/or a battery storage system, it can take any form of electricity storage and generation system. For example, a wind turbine installed on a farm might be an OPS system.

3.2 What is an OPS AES?

Regulation 11(2) provides that the facilitation or creation of a person's entitlement or right to consume some or all of the electricity from an OPS system by way of an arrangement is an AES (or OPS AES), if it meets a few key characteristics as outlined in the section *Key OPS AES characteristics*.

3.2.1 Key OPS AES characteristics

- The customer does not own the OPS system

Importantly, a customer who owns the electricity system but enters into an operating lease arrangement for the system with someone else, is considered as not owning the system for purposes of the AES Prescribing Regulations (see regulation 11(3)).

- The OPS system is installed on the customer's land

An OPS registration holder installs an OPS system on the land where the customer lives or operates their business.

This includes situations where the OPS system is installed on the same single property where a SPN supplies electricity to the customer (see section 2 above for information on single properties and SPNs).

- The customer pays the OPS provider

The customer has an arrangement with the OPS registration holder to consume or use electricity from

Regulation 11. Alternative electricity service

(1) In this regulation –

OPS system means a system that –

- (a) produces electricity; or
- (b) stores electricity; or
- (c) produces and stores electricity.

(2) The facilitation or creation of a person's entitlement or right to consume or use some or all of the electricity from an OPS system by way of an arrangement is an alternative electricity service if –

- (a) the person does not own the OPS system; and
- (b) the OPS system is installed –
 - (ii) on the land occupied by the person; or
 - (iii) on the same single property on which an SPN supplying electricity to the person is located;

and

- (c) the arrangement sets out the terms of the consumption or use of the electricity from the OPS system, which may include the following –
 - (i) an express or implied entitlement to consume or use the electricity;

the OPS system. The arrangement may describe how/when the customer can access the electricity from the system. It may also set out that the customer pays:

- a set amount per period like a membership or subscription, regardless of electricity use (an emerging model becoming increasingly popular, particularly for households);
- a certain price per kWh - typically used in SPPAs (often a take of pay model where the customer has to buy all the energy produced by the system regardless of the level of use); or
- another payment model.

- The customer retains another source of electricity supply.

The OPS AES is ancillary to another source of electricity supply from a retail licence holder or a SPN AES registration holder. The customer may not consume any electricity from this other electricity source and solely rely on the OPS system to meet their energy needs, but they would still have access to it, should the need arise.

This other source of electricity supply will be regulated through a retail licence or the AES registration framework (allows access to essential protections provided in the Code of Conduct for the Supply of Electricity to Small Use Customers or the SPN AES-specific obligations of the AES Code of Practice).

An arrangement is not considered to be an OPS AES if:

- it is an off-grid supply situation (e.g. supply from a stand-alone power system); or
- the customer is connected to the distribution system of an entity, for example a mining company operating under a distribution licence exemption.

Regulation 11 continued

- (ii) the consumption or use of the electricity under a membership scheme on payment of a membership fee or regular subscriptions;
- (iii) the purchase of the electricity on a cents per kilowatt hour basis;

and

- (d) the person is also supplied with electricity on the land by a retail licensee or the holder of a registration to provide an SPN AES.

(3) For the purposes of subregulation (2)(a), a person who owns an OPS system is taken not to own the OPS system if the person has entered into an operating lease arrangement for the OPS system, being any arrangement under which the person grants another person a right to control, use or operate the OPS system for a specified period.

3.2.2 OPS AES case studies

CASE STUDY

Power purchase agreement business model

A company installs solar panels on industrial properties or installs wind turbines on rural properties, like farms.

These installations come with no, or a small, upfront cost for the customer.

The customer commits to having the system OPS installed at their property and making payments for access to electricity supplies from it for the next ten years. (based on a rate per unit of electricity consumed from the OPS system). The rate is lower than what the customer would pay for consuming electricity from the main grid.

The company is responsible for the OPS system maintenance during the duration of the arrangement.

CASE STUDY

Subscription model

A company installs solar panels and / or batteries on households and businesses properties in the South West Interconnected System (SWIS), at no upfront cost for the customer.

The customer commits to a long-term arrangement with the company (often 10 years or more).

The company is responsible for the maintenance of the OPS system.

The customer agrees to pay a fixed weekly instalment to use the solar and/or battery for their personal electricity consumption. The amount of the instalment does not depend on the customer's consumption but is determined by the size of the OPS system.

3.2.3 What activities are not an OPS AES?

The definition of OPS AES is not intended to capture Virtual Power Plant (VPP) services.

An OPS AES service facilitates or creates of a person's entitlement or right to consume some or all of the electricity from an OPS system by way of an arrangement, if the person does not own the system and meets other set criteria as set out in Regulation 11(2) & (3). The arrangement may either involve a membership or subscription or be based on an SPPA model as described in *Key OPS AES characteristics*.

The OPS AES often involves a payment to the OPS AES service provider so that the person can use electricity produced by the OPS system. Customers participating in a VPP often own their own system and receive a payment for participating. Refer to box on the right side.

3.3 Who needs to register with the Authority?

A person is prohibited from providing an OPS AES to customers without holding a registration under section 59D(1) of the Act.

Any person who currently provides an OPS AES will need to register with the Authority to continue to provide the service, unless exempt from the requirement to register. A person may also register to provide an OPS AES before starting to provide the service.

The need to register applies regardless of:

- how much electricity the customer consumes (whether from the grid or OPS system, or both);
- whether the OPS provider holds an Australian Credit Licence; or
- whether the OPS provider holds a separate electricity retail licence.

While the National Credit Code governing Australian Credit Licences offers protections relating to the financial arrangements between customers and lenders or providers of hire-purchases, it does not offer electricity-specific customer protections similar to those under the

What is a Virtual Power Plant (VPP)

A VPP organises and aggregates selected distributed energy resources (DER), like solar panels and batteries, to generate and store electricity at a local level. VPPs are centrally coordinated to provide the same services to the electricity system as traditional centralised generation. This can help to keep supply and demand for electricity in balance for everyone.

Mostly the DER used for VPP are owned by customers and often VPP services compensate the customer for their participation or share the value of the aggregation with their customers.

There are some cases of known OPS AES service providers using OPS systems to provide VPP services, which has created confusion for some stakeholders.

Energy Policy WA will consider, at a future stage, whether customers participating in VPPs should receive protections under the AES registration framework.

AES Code of Practice. Please refer to the OPS AES draft code obligations ⁴.

3.4 Who is exempt from the requirement to register?

Under regulation 12, a person who provides an OPS AES to another person under a lease and who does not separately charge that other person for consumption or use of the electricity is exempt from the need to register.

A common example of this situation is when a landlord allows a tenant to consume/use electricity from solar panels and/or a home battery installed at the rental property and owned by the landlord, but does not separately charge for it.

Regulation 12. Exemption from registration

A person is exempt from the requirement to be registered for an OPS AES if the person –

- (a) supplies electricity to another person under a lease agreement; and
- (b) does not separately charge the other person for the consumption or use of the electricity.

3.5 Terms and conditions of OPS AES registration

For the purposes of section 59O(1) of the Act, an OPS AES registration is subject to the registration holder's compliance with the provisions of the AES Code of Practice that are prescribed by in Regulation 12 to apply to OPS AES.

Regulation 13 will be updated once the AES Code of Practice is drafted and when the AES Prescribing Regulations are made to reflect the relevant part of the AES Code of Practice that applies for OPS AES.

Regulation 13. Application of AES code of practice

Part [TBA] of the AES code of practice applies to an OPS AES.

⁴ https://www.wa.gov.au/system/files/2024-02/appendix_b_on-site_power_supply_arrangements_opsa-proposed_alternative_electricity_services_aes_code_obligations.pdf

4 Miscellaneous regulations

Stakeholder feedback was supportive of the proposed drafting approach to AES registration related consultation processes and handling of confidential information as outlined in the [Consultation paper – proposed general regulations and a consequential amendment of the Ombudsman regulations](#) (General Regulations Consultation Paper).

4.1 Consultation processes

Part 2 of the AES Prescribing Regulations reflects the proposed approach outlined in the General Regulations Consultation Paper and details minimum consultation processes to be followed when the:

- Authority receives a registration related application (regulation 14); and
- AES Code of Practice is being reviewed or proposed to be amended (regulation 15).

4.1.1 Regulation 14 - Applications

Regulation 14 provides that the Authority must publish a notice of an application on its website and that the notice must include:

- that anyone can make a submission on the application within the specified period; and
- how submissions are to be made.

The regulation does not specify a minimum timeframe for receiving submissions in response to an application. This allows the Authority to apply discretion when determining an appropriate timeframe for stakeholder feedback, depending on the nature and number of applications being advertised.

Regulation 14(3)(b) provides that the Authority must identify the way in which submissions can be made. Flexibility around the consultation method - such as forming working groups or hosting workshops - will allow approaches to be adopted that best target the

Regulation 14. Applications

- (1) In this regulation –
application means an application for any of the following –
 - (a) the grant of a registration;
 - (b) the renewal of a registration;
 - (c) the amendment of a registration;
 - (d) the approval of the transfer of a registration.
- (2) The Authority must publish notice of an application on the Authority's website.
- (3) The notice must include the following –
 - (a) a statement that any person may, within the period specified by the Authority, make a submission to the Authority on the application;
 - (b) information on how to make a submission.
- (4) The notice may relate to more than 1 application.
- (5) The Authority –
 - (a) must, as far as is reasonably practicable, give a copy of the notice to each person the Authority considers has a material interest in the application; and
 - (b) must, before determining the application, consider submissions made in accordance with the notice; and
 - (c) may consider other submissions received.

stakeholders interested in a review or amendment of the AES Code of Practice.

4.1.2 Regulation 15 - AES Code of practice

Regulation 15 details minimum consultation processes to be followed when the AES Code of Practice is being reviewed or is proposed to be amended.

The draft regulations place requirements on the Authority, Department, and/or the Minister about:

- providing notice of the consultation;
- what kind of information must be contained in the notice;
- providing notice of the consultation to stakeholders; and
- consideration of submissions received.

Regulation 15. AES Code of practice

(1) In this regulation —

Department means the department of the Public Service principally assisting in the administration of the Act.

(2) Notice of the following must be published on the Department's website —

- (a) a proposal to issue, amend or repeal and replace the AES code of practice;
- (b) the carrying out of a review of the AES code of practice.

(3) The notice must include the following —

- (a) a statement that any person may, within the period specified by the Department, make a submission to the Department;
- (b) information on how to make a submission.

(4) The Department must, as far as is reasonably practicable, give a copy of the notice to each person the Department considers has an interest in the proposed amendment or review.

(5) The Minister must consider submissions made in accordance with the notice.

4.2 Confidential information

Regulation 16 provides that the Authority must not disclose confidential information unless the Authority is of the opinion that:

- it would not cause detriment to the person giving it or another person; or
- although the disclosure of the information would cause detriment to the person giving it or another person, the public benefit in disclosing it outweighs that detriment.

Regulation 16. Use and disclosure of confidential information

- (1)
- (2) The Authority must not disclose confidential information to a person unless the Authority is of the opinion that —
 - (a) the disclosure of the information would not cause detriment to any person; or
 - (b) the public benefit in disclosing the information outweighs the detriment caused to a person by the disclosure of the information.
- (3)
- (4)

4.3 Arrangements for registrations

Regulation 17 details the proposed registration arrangements to support the effective operation of the AES framework, including that:

- Regulation 17(1) allows for a person who has applied for a registration during the voluntary registration period anticipated commencing 1 October 2026 to be considered to be registered even if the Authority has not reached a determination regarding the application by 1 January 2027.
 - The intent is to allow time for the Authority to consider the registration application and allow the service provider operating a service (that was previously unregulated) to continue to operate and not be in breach of the regulations when the service is first prescribed on 1 January 2027 (regulation 17(2)).
 - The regulation also specifies that a person who is taken to be registered (under regulation 17) and supplies electricity to small use customers is also taken to be a member of the Ombudsman scheme (regulation 17(3)). The intent is to allow a service provider who makes an application not to be in breach of the Act (Part 7, Division 5) when they first register.
- The timing in these regulations is subject to change and to be used as an example only. The transition towards the implementation of the AES framework, including whether a voluntary registration period is

Regulation 17. Arrangements for registration

- (1) If a person applies for a grant of registration before 1 October 2026 and the application is not determined by the Authority before 1 January 2027, the person is taken to be registered during the period beginning on 1 January 2027 and ending on the day on which —
 - (a) the registration is granted; or
 - (b) if the application is refused — notice of the refusal is given to the applicant.

warranted, are currently being considered. Further information will be provided in 2026.

- Regulation 17(4) specifies that a provision of a contract to provide an AES is of no effect if it is inconsistent with, or does not comply with, a term or condition of the registration for the AES provided under the contract, including the AES Code of Practice.
- Regulation 17(5) provides a six-month transition period, where registered AES providers are taken to comply with the terms and conditions of the registration, to allow for any required amendment of existing contracts (regulation 17(5)). This does not mean the AES provider does not need to comply with the AES Code of Practice or directions of the Ombudsman, just that non-compliance will not be a breach of registration.

Regulation 17 continued

- (2) The application is determined when the Authority makes a decision to grant, or to refuse to grant, the registration.
- (3) While a person is taken to be registered under this regulation, the person is also taken to be a member of an approved scheme if the person supplies electricity to small use customers.
- (4) On and from 1 January 2027, a provision of a contract to which a person who is provided with an alternative electricity service and a registration holder are parties, whether entered into before or after 1 January 2027, is of no effect if the provision is not consistent with, or does not comply with, a term or condition of the registration for the alternative electricity service provided under the contract.
- (5) During the period beginning on 1 January 2027 and ending on 30 June 2027, a registration holder, including a person taken to be registered under this regulation, is taken to comply with the terms and conditions of the registration.

5 Frequently asked questions

5.1 Can there be more than one registration holder at a single property?

Yes - more than one registration may be granted in relation to a single property on which more than one SPN is located. For example, if two or more SPNs are situated on a single property. See diagrams in section 2.2 of this reading guide.

5.2 Can there be more than one registration holder for an SPN?

No - regulation 6(2) provides that only one registration may be granted in relation to a particular SPN.

5.3 Can a registration relate to more than one single property?

Yes - a person may hold a registration relating to more than one single property. That is, a person may service multiple SPNs across multiple single properties in Western Australia.

Stakeholders should note that if multiple SPNs are operated by the same registration holder, the address of each SPN serviced by that registration holder must be noted on the Authority's register in relation to the person's registration (regulation 10).

5.4 Is a licence holder providing SPN AES or OPS AES exempt from needing to hold a registration?

No - licence holders who supply electricity within an SPN or provide an OPS AES will also need to register, unless exempt under regulation 7 or 12. This requirement is in the interests of transparency for customers, consistency of regulation across the sector and accuracy in data on SPNs in Western Australia.

Registration by licence holders will also ensure that licensed retailers directly contribute to the Authority's costs associated with administration of the AES registration framework, allowing for more efficient management and cost recovery for the Authority's functions.

5.5 What if I contract out some services within the SPN?

In some business models, certain functions within an SPN may be carried out by someone other than the registration holder. For example, separate contractors may provide billing or meter reading services. The AES Prescribing Regulations do not prohibit a registration holder from engaging other parties to perform services within the SPN. However, the registration holder is responsible for the actions of those parties (as under Regulation 9(b)).

5.6 What are some examples of typical SPNs?

The following types of SPN-related electricity supply arrangements will likely require a registration - the list below is not exhaustive but includes the most common examples of these supply arrangements in Western Australia.

Other business models may exist that use a SPN to supply electricity to customers. SPNs may be used in single owner or strata or community titled properties.

Examples of common SPNs	
Shopping Centre	Commercial office building
Retirement village	Industrial complex
Caravan park, lifestyle village, long stay park or land lease community subject to <i>Long Stay Parks Act</i>	University or TAFE
Apartment buildings	Health campus
Local government facilities (e.g. Council sport and recreation facilities)	Port, Marina or Airport

5.7 What happens if I provide a service without a registration?

If an activity is prescribed as an AES a person must not provide the AES to a customer unless the person is registered. A person doing so would be in breach of section 59D(1) of the Act.

To provide a service prescribed by the AES Prescribing Regulations as an AES, a registration holder must comply with all requirements of:

- Part 3A of the Act;
- regulations made under Part 3A; and
- obligations in the AES Code of Practice that relate to the particular AES.

Under section 59D(2) of the Act, the penalty for providing an AES without a registration is:

- (a) a fine of \$100,000;
- (b) a daily penalty of a fine of \$5,000 for each day or part of a day during which the offence continues.

5.8 What if I provide more than one AES?

If a person provides more than one AES, they will need to register separately for each service. For example, if a registration holder for an OPS AES also wants to provide an SPN AES, they must also hold a registration to provide that service. This is to ensure full visibility

over the providers of each service, understand the extent of service duplications and efficiently allocate the costs of administering the AES registration framework.

5.9 Do I still need a licence if I have an AES registration?

A person who holds an AES registration does not commit an offence under section 7 of the Act for failing to hold a licence (section 7(7)(a) of the Act), however this relates only to the supply of electricity within an SPN.

For any supply of electricity that is not within an SPN, or that is not considered an SPN AES (see section 2.5 above), the person will be subject to Part 2 (Licensing) of the Act and may require a licence.

5.10 Do I still need a licence if I have an exemption from the requirement to hold an AES registration?

If a person is exempt under regulation 7, section 7(7)(b) of the Act provides that a person does not commit an offence under section 7 for not holding licences required under Part 2 of the Act. However, this relates only to the supply of electricity within an SPN.

For any supply of electricity that is not within an SPN, or that is not considered an SPN AES (see section 2.5 above), the person will be subject to Part 2 (Licensing) of the Act and may require a licence.

5.11 What happens if I don't comply with a condition of registration?

Under section 59E of the Act, a registration holder must comply with the terms and conditions applying to its registration. The penalty for failing to comply is:

- a fine of \$100,000
- a daily penalty of a fine of \$5000 for each day or part of a day during which the offence continues.

5.12 What enforcement powers does the Authority have?

Part 3A, Division 7 of the Act sets out enforcement powers of the Authority. Section 59ZI of the Act provides that if in the opinion of the Authority, a registration holder contravenes a term or condition of registration, the Authority may cause a notice to be served on the registration holder requiring the registration holder to rectify the contravention with a specified period.

If in the opinion of the Authority a registration holder fails to comply with a notice described above, the Authority may, subject to section 59ZJ of the Act, do one or more of the following things:

- (a) accept a written undertaking from the registration holder under which the registration holder undertakes to rectify the contravention;
- (b) require the registration holder to give public notice of the contravention in the manner determined by the Authority;
- (c) order the registration holder to pay a monetary penalty fixed by the Authority but not exceeding \$100,000;
- (d) cause the contravention to be rectified to the satisfaction of the Authority; and/or
- (e) revoke or suspend the registration of the registration holder.

The Authority will publish guidance materials on its responsibilities under section 59ZD of the Act to administer and enforce the AES registration framework in due course.

5.13 What happens if a person wants to surrender a registration?

Section 59R(1) of the Act provides that a registration holder must not surrender a registration unless the Authority has approved an application to surrender. Section 59R(2) specifies that the application to surrender must be made in a form approved by the Authority and the registration holder must pay the prescribed fee to the Authority along with the application.

Under section 59R(3) of the Act, in deciding whether to approve a surrender of registration, the Authority must be satisfied that it would not be contrary to the public interest to do so. This applies whether or not the Authority is required to consider the public interest in granting a registration.

A decision to refuse to approve a surrender of a registration is a reviewable decision under section 59U of the Act.

The requirement for the Authority to give its approval before a registration is surrendered allows an opportunity to ensure that:

- customers of the registration holder (if there are any); and
- any relevant assets of the registration holder,

are suitably dealt with prior to the registration holder ceasing to provide the service.

A surrender of registration is initiated by the registration holder; it is not the same as a suspension or revocation of a registration, which would be initiated by the Authority using its enforcement powers under Division 7 of Part 3A of the Act.

5.14 Is registration dependent on the level of electricity use?

No, it does not matter whether a person provides the AES to small or large use customers or both. A person will need to register to provide the AES regardless, unless exempt.

- As large-use electricity customers are generally considered to have more bargaining power to negotiate their own commercially acceptable contracts, Energy Policy WA anticipates fewer obligations will apply under the AES Code of Practice to registration holders who only service these large-use customers.

If a person only provides an AES to small-use electricity customers or both small and large-use customers, they will need to confirm that they will become a member of the Ombudsman scheme to be granted a registration (section 101A of the Act). However, only small-use electricity customers serviced by the registration holder may access the Ombudsman services.

AES providers that only supply large-use customers will not be required to become members of the Ombudsman scheme to be granted a registration. Large use electricity customers will need to consider other legal avenues to resolve any disputes with the registration holder.

5.15 Who needs to become a member of the Ombudsman scheme?

Providers of an SPN AES and OPS AES who only service small-use customers, or both small and large-use customers will need to become a member of the Ombudsman scheme. Providers who only service large-use customers will not need to become a member of the Ombudsman scheme.

5.16 What is a State agency?

A **State agency** has the meaning given in the Procurement Act 2020 Section 5(1). Curtin University, Edith Cowan University, Murdoch University, The University of Western Australia are not an agency as defined in section 3 of the *Financial Management Act 2006* and therefore not a State agency.

Extract below

- (1) Subject to subsection (2), each of the following is a State agency for the purposes of this Act —
 - (a) an agency as defined in the Financial Management Act 2006 section 3 other than a university listed in Schedule 1 to that Act;
 - (b) an entity controlled by a Minister, or by an agency referred to in paragraph (a), through which that Minister or agency procures goods, services or works for the performance of the functions of that Minister or agency;
 - (c) an entity (or an entity of a kind) that is established for a public purpose or is funded by the State and that is prescribed by the regulations to be a State agency.
- (2) The following are not State agencies for the purposes of this Act —
 - (a) a body established by or under any of the following provisions —
 - (i) the Electricity Corporations Act 2005 section 4;

- (ii) the Keystart Act 2024 section 6;
- (iii) the Port Authorities Act 1999 section 4;
- (iv) the Water Corporations Act 1995 section 4;
- (v) the Western Australian Land Authority Act 1992 section 5;
- (aa) a subsidiary of a body mentioned in paragraph (a);
- (b) an entity (or an entity of a kind) that is prescribed by the regulations not to be a State agency.

