



Information Paper

Alternative Electricity Services (AES) Registration Fees

Purpose of this paper

This paper outlines the approach for determining annual registration fees that AES providers will pay to cover the Economic Regulation Authority's costs to administer the AES framework.

Background

The Alternative Electricity Services (AES) framework (the framework)¹ is a new flexible framework delivering enforceable protections for customers of new and emerging electricity services while minimising regulatory burden on providers. It operates alongside the existing electricity licensing and exemption frameworks².

The first two services to be regulated under the framework are single property networks (also known as embedded networks) and on-site power supply (OPS) services. For more information on these services please go to the [Alternative Electricity Services](#) webpage.

It is expected that from early 2027 providers of these services will need to become a member of the Energy and Water Ombudsman (Ombudsman) scheme and register with the Economic Regulation Authority (ERA).

Both the Ombudsman and ERA are industry funded and will collect fees from regulated service providers to recover costs of their functions under the framework.

The Ombudsman sets its own fees as determined by its Board. The ERA is required to allocate the costs associated with its functions and have the allocation approved by the responsible Minister on

an annual basis. The method it uses to recover each cost is set out in regulations.

The ERA's functions under the AES framework will include:

- monitoring compliance with, and enforcement of, the AES framework; and
- maintaining a register of persons who provide an AES.

The ERA is unable to over or under-recover its costs of administering the framework.

Registration Fee approach

The ERA will recover its costs relating to the AES framework through an annual registration fee. There will not be an application fee at this time.

A staged approach to developing a cost recovery method is being implemented, reflecting that this is the first time these services are being regulated.

As it is intended to start regulating these services midway through a financial year, registration fees will be waived from commencement of registration until the end of the 2026-27 financial year (30 June 2027).

From the 2027-28 financial year, the ERA's costs will be distributed evenly amongst registration holders. The ERA plans to collect registration fees annually in arrears, meaning registration holders will receive their first invoice in September/October 2028.

In the long term the intention is to refine the method such that providers pay an annual fee based on the work effort for each service type and size of operator, referred to as a 'causer pays' approach.

¹ Established under Part 3A of the Electricity Industry Act 2004 (the Act)

² Established under Part 2 of the Act

Initial fee

In the 2024-25 State Budget the Government approved expenditure of \$3.5 million over 2024-25 to 2027-28 for four additional staff to resource the development and administration of the AES registration framework. This equates to roughly \$900,000 of operating costs per financial year. It is intended that in the short initial term of the framework that these operating costs are allocated equally to each registered provider as demonstrated by the following formula:

$$RF = \frac{C}{R}$$

where:

- RF annual fee for a registration holder to provide 1 alternative electricity service in a financial year.
- C is the amount of the AES core function costs for the financial year.
- R is the total number of alternative electricity services for which a registration is held on 30 June in the financial year.

To ensure the ERA doesn't over or under recover its costs of administering the framework, it will monitor staff activity and only allocate actual operating costs to the AES function.

Causer pays

As mentioned above it is intended that in the longer term the method will be refined such that providers pay an annual fee based on the work effort for each service type and size of operator, referred to as a 'causer pays' approach.

However, these services are atypical and it is the first time they are being regulated. This means there is uncertainty around the anticipated work effort to implement a sophisticated method until the ERA's AES operations are sufficiently established.

Another unknown variable is the number of existing embedded networks in WA. Embedded networks currently operate under a deemed class-based exemption and do not need to notify the Government when they start operating. The exact number of embedded networks in WA is unknown but estimated to be around 3,000.

These estimates are not of sufficient reliability to build a sophisticated cost allocation method. The number of customers living or operating small

businesses in embedded networks is also unknown.

Therefore, the intended end fee can only be achieved after the ERA has undertaken its functions for a minimum of two years. This will allow the collection of data to better understand the work effort required for each type of service and how the size of a service influences the work involved.

A review into the method for determining registration fees is anticipated to be conducted within two to five years of the framework being implemented, or when a new service is regulated.

Estimated registration fees

As stated above it is estimated that there are around 3,000 embedded network providers. There are also an estimated 25 OPS service providers currently operating in WA.

Evenly distributing the annual 2027-2028 operating costs allocated during the 2024-25 State Budget would result in an annual registration fee of around \$300 per provider.

Implementation

The method for calculating the annual registration fees will be included in the AES Prescribing Regulations³. These regulations are planned to come into effect in early 2027 alongside the new AES Code of Practice.

Feedback

If you would like to share any feedback on the proposed approach, both initial and end-state arrangements please provide these comments to EPWA-AES@deed.wa.gov.au or posted in hard copy to:

AES Registration Fees
Energy Policy WA – Department of Energy and Economic Diversification
PO Box Z5044
ST GEORGES TCE WA 6831

Submissions will be published on the DEED website. Please indicate at the time of submission if you wish any part of or all to be confidential.

When providing feedback please outline:

- Who you are
- Who you represent – whether you are a provider/customer for an embedded network or OPS service.

³ As stated in Part 3A of the Act