

27 February 2026

Via email: EPWA-AES@deed.wa.gov.au

Draft AES Prescribing Regulations

Thank you for the opportunity to provide feedback on the draft AES Prescribing Regulations. The Western Australian Local Government Association (WALGA) is an independent, member-based, not-for-profit organisation representing and supporting all Local Governments in WA.

Research with metropolitan and regional Local Governments indicates that there is an extremely low level of awareness of the proposed regulatory reforms regarding embedded electricity networks, despite many Local Governments on-supplying sub-metered electricity as part of lease agreements. The Association has not undertaken a census to determine the number of Local Governments that may be covered by the proposed regulations and the number of sub-meters involved. It is concerning to note that it appears that the Department does not have a good understanding of who the stakeholders are or the number of potential registration holders¹. It is unclear what communications and engagement has been undertaken with Local Governments in the development of the draft regulations.

Recommendation

That Energy Policy WA undertake a targeted awareness raising program with Local Governments

Local Governments manage multiple sites across their jurisdiction. Consequently, unlike a body corporate that typically operates within a single property or complex, a single Local Government may have sub-meters behind electricity meters located at multiple properties. These properties may be supplied under different electricity arrangements. Some supplied by Synergy or Horizon Power gazetted or capped tariffs, and others under retail electricity sales agreements (RESAs) with negotiated prices, which may include demand charges and time of use charges. The regulations need to be clear that a single registration covers multiple properties and electricity procurement arrangements.

Local Governments are under significant pressure from ratepayers and the State Government to reduce costs particularly in administration. The costs associated with registration and joining the Energy and Water Ombudsman Scheme will need to be recovered either from the tenants, or from general rates revenue. In situations where there are only a small number of sub-meters, with very low electricity consumption, then it is likely that the regulatory costs that will need to be passed on will significantly increase the total electricity recovery cost. While it may be preferable in some instances to adjust the lease agreement to include electricity and not invoice this separately, there is a risk to the Local Government that this removes the incentive for efficient electricity use.

For some Local Governments most or all lease agreements that involve sub-metered electricity are with community groups / not for profit organisations. These arrangements have not been established on a commercial basis.

¹ Alternative Electricity Services (AES) Registration Fees Information Paper Accessed February 2026

Recommendation

Undertake a regulatory impact assessment to ensure that the benefits from the proposed additional regulation of Local Governments that supply electricity to tenants through sub-meters exceeds the costs.

Exempt Local Government entities with only a small number of small use customers to ensure that the regulatory costs do not comprise a significant part of the total cost recovery.

Review whether concessionally priced cost recovery arrangements should be exempt from the definition of on-selling electricity.

While some initial assessment of the costs to the Economic Regulation Authority have been published, the proposed regulations require AES providers to also become a member of the Ombudsman scheme. The costs of this are unclear. The scheme currently deals with a very small number (43) of suppliers across water, gas and electricity. Adding the estimated 3000+ AES providers will change the nature of the supplier base enormously. The consultation paper notes that the Energy and Water Ombudsman Board sets the fee structure. However, the industry Board members are from a background in large scale utility service provision, which is very different to the scope and scale of organisations that are proposed to become an AES provider under the regulations.

Recommendation

As part of the package of reforms to regulate SPN AES and OPS AES who service small-use customers, ensure that the Electricity and Water Ombudsman's office is appropriately structured and has an appropriate cost recovery structure to reflect the enormously varied scales of operation.

If you wish to discuss these recommendations or the impact of the proposed regulations on Local Governments, please contact [REDACTED]

Yours faithfully

Nick Sloan
Chief Executive Officer