Submission to DEED

Standard Tariff Restrictions and Time-of-Use Access for SPN Service Providers

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1. Executive Summary

Energy-Tec Holdings Pty Ltd (EnergyTec) respectfully submits this paper in response to the consultation process on the Alternative Electricity Services (AES) Code of Practice for Single Property Network (SPN) services.

This submission focuses on a specific and consequential policy gap: the Code's restriction of the standard tariff framework to flat and modestly stepped energy rates, at a time when the WA Government's own Energy Transformation Strategy and Distributed Energy Resources (DER) Roadmap explicitly rely on time-of-use (TOU) price signals to shift electrical load and integrate renewable generation.

As the Code stands, an SPN service provider serving a residential apartment building, strata complex, or commercial precinct cannot offer any time-varying tariff structure to its customers as a standard product. Synergy — the State-owned electricity retailer — faces no equivalent restriction and offers TOU, multi-band, and dynamic pricing products to the same customer categories. This structural asymmetry is commercially disadvantageous to private SPN operators, undermines competitive neutrality, and will increasingly impede the load-shifting outcomes that WA's energy transition depends upon as wholesale market costs escalate.

Beyond the tariff structure question, EnergyTec also draws DEED's attention to a related concern: the benchmark against which the standard tariff cap is calibrated. The cap references Synergy's government-subsidised standing offer tariffs — rates that incorporate significant public funding through the Tariff Equalisation Contribution and do not reflect the cost structure of unsubsidised private SPN service providers. This benchmark prevents SPN operators from recovering legitimate operational costs and, in some configurations, renders cost-reflective pricing structurally impossible.

EnergyTec respectfully recommends that DEED amend the standard tariff framework in the AES Code to permit SPN service providers to offer time-of-use and other innovative tariff structures to customers, subject to appropriate consumer protections, and to review the tariff cap benchmark to ensure it provides a fair and sustainable reference point for private-sector SPN operators. EnergyTec also recommends that DEED commission an independent review of the metering infrastructure requirements necessary to enable these outcomes.

2. About EnergyTec

EnergyTec (Energy-Tec Holdings Pty Ltd) is a Perth-based utility management company with a team of more than 50 staff operating across Western Australia, South Australia, Queensland, New South Wales, and Victoria. We hold WA Electrical Contractor Licence

EC14903 and provide a comprehensive range of utility management services to the property sector, including:

- Data Acquisition and Advanced Metering Infrastructure deployment
- Utility Accounting and billing services
- Technical Services including SPN Advanced Meter Network design, deployment, maintenance, accuracy and validation testing
- Compliance Consulting under the AES regulatory framework
- Energy in Property advisory, supply agreement Procurement and Renewables Consulting
- Client-facing utility management via the Pharos Utility Portal

EnergyTec has been an active participant in the WA embedded network and SPN sector for over 33 years and has direct experience of the operational, commercial, and compliance implications of the AES Code for our SPN service provider clients and for end-use customers residing in or operating from SPN-served properties. We offer this submission in that capacity, and as a firm committed to supporting WA's energy transition objectives.

3. Regulatory Background

3.1 The AES Framework and Standard Tariff Structure

The Alternative Electricity Services (AES) framework is established under Part 3A of the Electricity Industry Act 2004 (WA) and governs the provision of electricity services to customers within a Single Property Network. The AES Code of Practice (Exposure Draft) sets out the obligations of SPN service providers, including the basis on which electricity must be priced for customers who have not entered into a special tariff arrangement under cl 25.

Clauses 22 to 24 of the Code establish the standard tariff framework for SPN customers. In summary:

- Residential SPN customers must be charged no more than the rates applicable to Synergy's A1 (Home Plan) tariff under the Energy Operators (Electricity Generation and Retail Corporation) (Charges) By-laws 2006 (EGRC By-laws).
- Non-residential customers consuming less than 50 MWh per year must be charged no more than the L1 (Business Plan) rates under the EGRC By-laws.
- Non-residential customers consuming between 50 and 160 MWh per year must be charged no more than the L3 (Business Plan Fifty) rates.

Critically, the A1, L1, and L3 tariffs referenced in the EGRC By-laws are all flat or modestly stepped energy tariffs — that is, the rate per unit of electricity consumed does not vary according to the time of day. There is no mechanism within the standard tariff framework for an SPN service provider to offer a time-of-use tariff to a customer without first entering into a special tariff arrangement under cl 25.

EnergyTec also notes that the A1, L1, and L3 tariffs referenced as the cap benchmark are regulated retail prices that incorporate the Tariff Equalisation Contribution — a government subsidy that requires significant public funding to maintain below-cost uniform tariffs across the SWIS. These rates do not reflect the cost structure of unsubsidised private SPN service providers. The implications of this benchmark are addressed further in Section 4.3 below.

3.2 The Special Tariff Pathway and Its Limitations

Clause 25 of the Code permits SPN service providers to offer a 'special tariff' by agreement with the customer. However, this mechanism presents significant structural barriers to the delivery of time-of-use pricing at scale:

- A special tariff must be negotiated individually with each customer through a written agreement.
- Once entered into, the special tariff arrangement locks in pricing for a period of up to 36 months, limiting flexibility to respond to network cost changes or market conditions.
- The bespoke, contract-by-contract nature of the process is operationally intensive and commercially unviable as a mechanism for delivering modern tariff products across the customer bases of multi-occupancy SPN properties.

In practical terms, the special tariff pathway cannot substitute for permission to offer TOU tariffs as a standard product. A residential apartment building with 150 dwellings cannot reasonably negotiate 150 individual special tariff agreements. The pathway exists for exceptional commercial circumstances — it was not designed to be the primary vehicle for innovative pricing.

4. The Policy Gap: Flat Tariffs Only in a Time-of-Use World

4.1 The Code's Standard Tariff Restriction

By anchoring the standard tariff to A1, L1, and L3 — all flat or stepped anytime rates — the AES Code effectively prohibits SPN service providers from offering time-varying pricing to their customers as a standard commercial product. This restriction sits in direct tension with WA's stated energy policy objectives.

The WA Government's Energy Transformation Strategy and DER Roadmap identify time-of-use tariffs and price signals as essential mechanisms for achieving load shifting, reducing peak demand on the grid, integrating rooftop solar and battery storage, and enabling the participation of flexible loads — including electric vehicles — in system management. If SPN customers cannot access TOU tariffs, they cannot participate meaningfully in the load-shifting behaviours the Strategy relies upon.

4.2 Synergy's Time-of-Use Product Suite — What SPN Customers Cannot Access

The Code's restriction of the standard tariff to flat and modestly stepped anytime rates — while Synergy can and does offer time-of-use and innovative tariff structures to the same customer categories as standard regulated or market products — creates a structural regulatory advantage for the State-owned retailer over private SPN service providers.

Synergy currently offers the following time-varying and alternative tariff products that are not available to SPN customers under the standard tariff framework:

- R1 — Business Time of Use: two-band TOU alternative to L1 for non-residential customers consuming less than 50 MWh/year (peak/off-peak pricing)
- R3 — Business Time of Use Fifty: two-band TOU alternative to L3 for non-residential customers in the 50–160 MWh/year band
- Midday Saver: three-band residential TOU plan rewarding solar load-shifting with a Super Off-Peak rate (9am–3pm)
- EV Add-On: four-band residential TOU plan for electric vehicle owners, with Super Off-Peak (9am–3pm)
- K1 — Home Business Plan: regulated tiered tariff for home-based businesses — a distinct product category unavailable to SPN-served home business customers

Table 1: Synergy's Time-of-Use Product Suite

Synergy Product	Customer Segment	Structure
R1 — Business Time of Use	Non-residential < 50 MWh/yr	Two-band TOU
R3 — Business TOU Fifty	Non-residential 50–160 MWh/yr	Two-band TOU
Midday Saver	Residential	Three-band TOU
EV Add-On	Residential (EV owners)	Four-band TOU
K1 — Home Business Plan	Home-based business	Tiered consumption

Note: EnergyTec recommends that DEED verify current rates from the EGRC By-laws and Synergy's Standard Electricity Prices and Charges schedule when assessing specific tariff comparisons. All rates include GST.

4.3 The Standard Tariff Cap: A Barrier to Cost-Reflective Pricing

EnergyTec's submission focuses primarily on the restriction of the standard tariff to flat rates, but we wish to draw DEED's attention to a related and compounding concern: the benchmark against which the cap itself is set.

The standard tariff framework in cl 22–24 caps the rates SPN service providers may charge against Synergy's A1, L1, and L3 published tariffs. As noted in Section 3.1, these are regulated retail prices that incorporate the Tariff Equalisation Contribution — a government subsidy that, in recent financial years, has required significant public funding to maintain below-cost uniform tariffs across the SWIS. They are not cost-reflective prices in any commercial sense, and they were not designed to function as a pricing ceiling for unsubsidised private-sector service providers delivering electricity within a private network.

The practical effect of this benchmark is that SPN service providers are able to recover, through the tariff, only the raw cost of the electricity they purchase at the parent meter — with no capacity to recover legitimate operational costs that any distribution-level service provider would incur. These include:

- Network losses in transmission through the SPN from the parent meter to individual sub-meters, which the operator absorbs but cannot recover;
- The capital and operational costs of sub-metering, meter reading, and individual billing administration;
- Maintenance of the internal electrical distribution infrastructure, switchboards, and reticulation;
- After-hours and emergency response obligations within the private network; and

- The compliance and registration costs imposed by the AES framework itself.

In EnergyTec's operational experience across SPN sites in Western Australia and nationally, these overhead costs typically add between two and six cents per kilowatt hour to the cost of delivering electricity within a private network, depending on the site's size, metering configuration, and service complexity. The cap at the Synergy standing offer rate, as currently proposed, forecloses recovery of this overhead — and in some commercial SPN configurations, where the bulk purchase rate at the parent meter is set under a commercial tariff, the parent meter rate may approach or exceed the residential standing offer, making cost-reflective on-selling structurally impossible.

EnergyTec recognises that consumer protection is a legitimate and important objective of the standard tariff framework, and we support the principle that SPN customers should not be exposed to pricing that is disproportionate to the cost of supply. However, we submit that the current mechanism — a cap anchored to the government-subsidised standing offer — conflates consumer protection with structural prohibition. Genuine consumer protection can be achieved through tariff transparency and disclosure requirements, a standardised bill format, and access to independent dispute resolution, without suppressing the tariff below the level at which SPN operators can recover legitimate costs.

EnergyTec respectfully recommends that DEED consider whether the cap benchmark should be reformed to reflect a cost-reflective maximum, anchored to the parent meter rate with an appropriate allowance for legitimate overhead, rather than exclusively to the Synergy standing offer. This would maintain the protective intent of the cap while enabling the commercially sustainable delivery of professional SPN services. A specific recommendation is set out in Section 5 below.

4.4 Ensuring Consistent Tariff Access

EnergyTec believes there is an opportunity to ensure greater consistency between the tariff options available to customers supplied directly by Synergy and those supplied through an SPN.

Under the proposed AES Code, SPN service providers would be limited to flat or stepped tariffs as their standard offering, while customers supplied directly by Synergy may be able to access a broader range of time-of-use products. EnergyTec recognises that this difference may be an unintended consequence of the way the standard tariff framework references existing EGRC By-laws. However, we believe it warrants further consideration to ensure customers are afforded comparable opportunities to benefit from modern tariff structures, regardless of whether they receive electricity directly from Synergy or through an SPN.

EnergyTec therefore supports further review of the tariff framework to determine whether greater alignment can be achieved while maintaining appropriate consumer protections.

4.5 The Strata and Multi-Occupancy Residential Equity Gap

The practical effect of the standard tariff restriction falls disproportionately on residents of strata and multi-occupancy residential buildings — who are, by definition, SPN customers if their building has an embedded network — compared with green title homeowners served by Synergy directly.

A green title homeowner in Western Australia can elect to move to the Midday Saver plan, the EV Add-On, or any other Synergy TOU product, and thereby align their electricity costs with their consumption behaviour, solar generation profile, and EV charging schedule. A resident of a Synergy-connected apartment building with rooftop solar and a communal or individual EV charger has no equivalent standard product option. This is not a trivial distinction: as the proportion of the WA housing stock represented by medium- and high-density strata development increases, the number of households affected by this gap will grow.

From a social equity perspective, it is difficult to justify a regulatory framework that reserves the most innovative, lowest-cost tariff options for homeowners — who generally have higher average household incomes than apartment renters — while restricting SPN-served tenants and strata owners to flat tariffs that provide no reward for load flexibility.

4.6 Cost-of-Living and Consumer Benefit Considerations

Time-of-use tariffs, when paired with the appropriate metering and customer information tools, offer a genuine pathway to lower electricity bills for customers who can shift discretionary load. Super Off-Peak rates under the Midday Saver and EV Add-On plans represent a fraction of the peak rate and, for customers with solar generation, rooftop batteries, or flexible appliances, can deliver material bill reductions compared with the flat A1 rate.

The AES Code framework, by preventing SPN providers from offering these products as standard tariffs, effectively forecloses this pathway for SPN-served customers. In an environment of sustained cost-of-living pressure, the denial of access to cheaper off-peak electricity is a meaningful consumer harm that a policy review should address.

We acknowledge that the current standard tariff framework provides a consumer protection function, ensuring that SPN customers are not charged more than the regulated retail rate. EnergyTec supports the retention of a cap-based protection, but submits that the cap should operate at the level of the equivalent Synergy product for each tariff type — including TOU products — rather than exclusively at the level of the flat tariff equivalents.

4.7 Commercial Customer Impact

Non-residential customers served by SPN service providers in the 50–160 MWh/year consumption band are currently capped at L3 (Business Flexi — Anytime) rates. The equivalent TOU product available to Synergy retail customers is R3 (Business Flexi — On/Off Peak), which carries a material differential between peak and off-peak rates.

For a commercial customer — whether a retail tenancy, office, or food-and-beverage operator — with genuine load flexibility (the ability to run refrigeration, HVAC pre-cooling, or manufacturing equipment during off-peak windows), this differential represents a real and potentially significant bill saving opportunity. SPN-served commercial customers in that consumption band have no standard tariff pathway to access this outcome. The restriction particularly affects commercial tenants in mixed-use SPN-served developments, where the operator's infrastructure obligations under the AES Code inadvertently limit the commercial customers' own energy cost management options.

4.8 ERA Wholesale Cost Escalation and the Compounding Cost of Flat Tariffs

The financial case for resolving this policy gap is reinforced by the trajectory of wholesale market costs in the Wholesale Electricity Market (WEM). The ERA's Benchmark Reserve Capacity Price (BRCP) — the key driver of capacity cost recovery in WA electricity tariffs — has increased substantially, as shown in Table 2 below.

Table 2: ERA Benchmark Reserve Capacity Price — Trajectory

Year	BRCP ($/MW/year)	Year-on-Year Change
2021/22	$154,200	Baseline
2025/26	$230,000	+49%
2027/28	$360,700	+57%
2028/29	$488,500	+35%
2021–2029 cumulative	—	+217%

This trajectory means that the cost of serving peak demand — and the penalty for being unable to incentivise customers to shift load away from peak periods — will compound significantly over the period during which the AES Code will be in operation. SPN providers locked into flat tariff structures cannot pass through time-varying cost signals to customers, cannot manage network peak demand through price, and face increasing

pressure on their margins as wholesale costs escalate. The absence of a TOU mechanism is not merely a product-range limitation today — it is a structural commercial vulnerability that will worsen as the WEM evolves.

These same market forces further reinforce the concern about the tariff cap benchmark raised in Section 4.3. As wholesale costs rise, the gap between the cost of purchasing electricity at the parent meter and the Synergy standing offer — itself subject to political constraints on price increases — is likely to narrow. The risk that the cap becomes an effective floor rather than a ceiling is real and should be considered in any reform of the tariff framework.

4.9 Metering Infrastructure and the Path to TOU Enablement

EnergyTec acknowledges that time-of-use tariffs require interval metering capability — specifically, Advanced Metering Infrastructure (AMI) meters capable of recording half-hourly or interval consumption data and communicating it to the billing system. We note that:

- Synergy's own TOU products (Midday Saver, EV Add-On) already require AMI meter installation as a prerequisite for enrolment.
- The AES Code's metering requirements (cl 17) are silent on interval metering capability, requiring only that the SPN meter accurately measures consumption and complies with the National Measurement Act 1960 (Cth) and applicable written law standards.
- A significant portion of the SPN-served building stock in WA was developed with conventional accumulation meters that do not support interval data recording.

EnergyTec does not suggest that TOU tariff access must await universal AMI rollout across all SPN-served properties. A phased approach is feasible: permit SPN service providers to offer TOU tariffs as a standard option at supply addresses where AMI capability exists or is installed at the customer's election, while retaining flat tariff options as the default for customers without interval metering. This mirrors the approach Synergy itself takes — TOU enrolment is conditional on AMI availability, but the flat tariff remains available as the default.

5. Recommendations

EnergyTec respectfully recommends that DEED consider the following amendments and actions in finalising the AES Code of Practice:

Recommendation 1: Permit Standard TOU Tariffs

Amend the standard tariff framework in cl 22–24 of the AES Code to permit SPN service providers to offer time-of-use tariff structures to customers as a standard product, capped at the rates applicable to the equivalent Synergy TOU product (R1, R3, Midday Saver, or EV Add-On as appropriate) under the EGRC By-laws or relevant instrument.

Recommendation 2: Phased TOU Enablement Tied to AMI Availability

Include a provision permitting TOU standard tariffs at supply addresses where Advanced Metering Infrastructure (AMI) capability is available, with the flat tariff default retained for customers without interval metering, consistent with Synergy's own approach to TOU product eligibility.

Recommendation 3: Competitive Neutrality Review

Request that the ERA undertake a formal competitive neutrality review of the AES Code standard tariff framework relative to Synergy's retail product suite, to ensure that the regulatory settings do not inadvertently confer structural advantage on the State-owned retailer.

Recommendation 4: Demand Response and Flexible Load Participation

Engage with the ERA and the Wholesale Electricity Market reform process to consider how SPN service providers may, over time, be enabled to participate in demand response and flexible load programs — reinforcing the load-shifting outcomes the WA Energy Transformation Strategy depends upon.

Recommendation 5: Reform the Standard Tariff Cap Benchmark

Review the tariff cap benchmark in cl 22–24 of the AES Code to assess whether the current reference to Synergy's government-subsidised standing offer tariffs provides an appropriate and sustainable pricing ceiling for unsubsidised private SPN service providers. EnergyTec recommends that DEED consider a cost-reflective alternative — anchored to the parent meter rate with a prescribed allowance for legitimate overhead costs — supported by robust tariff disclosure, standardised bill format, and consumer access to independent dispute resolution as the primary consumer protection mechanisms. This approach would maintain the protective intent of the cap while enabling the commercially viable delivery of professional SPN services to Western Australian consumers.

6. Conclusion

EnergyTec supports the AES framework as an important step in providing consumer protection and regulatory clarity for SPN-served customers. However, the standard tariff framework as currently proposed contains two related structural limitations that we respectfully urge DEED to address.

First, the restriction of the standard tariff to flat and stepped rates is a legacy design choice that sits poorly with the direction of WA's energy policy, the commercial realities of the evolving Wholesale Electricity Market, and the equity interests of the growing number of Western Australians who reside in or operate from SPN-served properties. The gap between what Synergy can offer and what the AES Code permits SPN service providers to offer is not a minor technical detail — it is a material and compounding competitive asymmetry that, if left unaddressed, will hamper both the commercial viability of the SPN sector and the participation of SPN-served customers in the load-shifting and DER integration outcomes that WA's energy transition demands.

Second, and equally important, the benchmark against which the cap is set — Synergy's government-subsidised standing offer — does not reflect the cost structure of unsubsidised private SPN operators. A cap that prevents cost recovery is not a consumer protection measure; it is a mechanism that will, over time, either drive professional operators from the market or force legitimate costs into less transparent recovery channels. Neither outcome serves the interests of SPN-served consumers. EnergyTec submits that consumer protection is better served through transparency, disclosure, and accessible dispute resolution than through price suppression below the cost of supply.

EnergyTec is available to engage further with DEED, the ERA, and other stakeholders on the technical, commercial, and policy dimensions of this submission. We welcome the opportunity to contribute to a framework that is genuinely fit for purpose in a rapidly evolving energy landscape.

Damien Moran

Managing Director, EnergyTec (Energy-Tec Holdings Pty Ltd)

energytec.com.au

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