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Electricity Industry (Alternative Electricity Services) Regulations 2025

SCA (WA) Submission on Exposure Draft

Submitted by: Strata Community Association (WA)

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1. Introduction

The Strata Community Association (WA) (SCA (WA)) welcomes the opportunity to provide a submission on the Exposure Draft Electricity Industry (Alternative Electricity Services) Regulations 2025 (AES Regulations) and the associated Reading Guide.

SCA (WA) represents strata companies, council of owners, members, strata managers and service providers across Western Australia. Our members collectively manage thousands of strata titled schemes, ranging from small legacy residential developments to large mixed-use schemes incorporating shared sustainability infrastructure such as solar generation and battery storage.

While SCA (WA) supports the overarching policy objective of strengthening consumer protections within embedded electricity arrangements, we are concerned that the current exposure draft does not adequately account for the diversity, scale and practical realities of strata titled schemes, particularly small and medium residential developments. As currently drafted, the framework risks imposing disproportionate regulatory, legal and administrative burdens on strata companies and their owners, without delivering corresponding consumer benefits.

2. Strata Schemes and Single Property Networks

The Reading Guide confirms that land subdivided by a strata titles scheme is expressly included within the definition of a single property and that electricity supplied by a strata company to lot owners (or tenants) constitutes a Single Property Network Alternative Electricity Service (SPN AES).

SCA (WA) notes that this approach captures a very broad range of strata schemes, including many legacy residential schemes that:

- were constructed decades before embedded network frameworks were contemplated.
- operate on a single master meter with sub metering arrangements; and
- pass electricity charges on to lot owners strictly at cost.

These arrangements have operated effectively for many years with minimal consumer risk and are fundamentally different from commercial embedded network business models.

3. Typical Strata Scenarios Overlooked by the Framework

The exposure draft appears to insufficiently consider the prevalence of small strata schemes that rely on legacy electrical infrastructure.

3.1. Legacy Residential Strata with Utility Read Submeters

Many strata schemes (typically 4–10 lots) operate with:

- a single Western Power parent meter billed directly by the retailer to the strata company; and
- individual submeters that are also read by the network operator, with readings provided on the retailer's bill.

The strata company simply allocates the retailer's bill between lots based on recorded meter readings and recovers those amounts at cost.

3.2. Legacy Residential Strata with Third Party Submeter Reading

Other schemes operate similarly, except meter readings are obtained periodically by a third-party service provider and forwarded to the strata manager for billing.

In both cases:

- there is no margin, markup or commercialisation of electricity supply;
- strata managers perform billing as an incidental administrative service; and
- there is no practical consumer detriment requiring the level of regulatory intervention contemplated by the AES framework.

3.3. High Cost of Physical Reconfiguration

In these schemes, converting to individual grid connected meters is often financially prohibitive, commonly exceeding $30,000. This work typically requires:

- upgrade of main and sub mains switchboards;
- new trenching and cabling;
- installation of new Western Power infrastructure; and
- reinstatement of landscaping, fencing and common property.

For many small schemes, these costs are simply untenable and would fall directly on lot owners.

4. Sustainability Focused Strata and Embedded Networks

SCA (WA) is particularly concerned about the unintended impact of the proposed framework on strata schemes that have invested in onsite renewable energy infrastructure.

Industry service providers report servicing more than 450 strata schemes configured as embedded networks in Western Australia, demonstrating that these arrangements are neither rare nor speculative, but form an established and functioning component of the strata energy landscape.

Examples include modern developments incorporating:

- shared solar arrays;
- communal battery storage; and
- embedded networks owned and operated by the strata company.

These arrangements:

- are owner controlled;

- allocate renewable generation benefits in accordance with democratic resolutions at general meetings; and
- align with recent amendments to the *Strata Titles Act 1985* (WA) designed to encourage sustainability infrastructure by reducing approval thresholds.

The AES framework, however, would require:

- the strata company to register as an embedded network seller;
- compliance with extensive code obligations;
- formal supply contracts with owners and/or occupiers; and
- potentially the creation of new or amended by-laws by resolution without dissent.

The cumulative legal, compliance and administrative costs associated with these obligations are likely to render embedded networks unviable for all but the largest strata schemes.

5. Absence of the AES Code of Practice and Regulatory Uncertainty

SCA (WA) notes that the exposure draft of the AES Regulations does not address a number of elements contained in the previously released *Voluntary Embedded Network Code of Practice*. Energy Policy WA has indicated that these matters will instead be formalised in a new mandatory instrument to be known as the "*AES Code of Practice*", which is intended to be released for public consultation at a later date.

The delay in releasing the AES Code of Practice is significant and problematic for the strata and broader property sectors. Without visibility of the proposed Code:

- strata companies cannot assess the full scope of their future compliance obligations;
- industry stakeholders cannot determine whether concerns raised during earlier consultation processes have been addressed; and
- it is not possible to evaluate whether previously discussed solutions have been incorporated into the regulatory framework.

Proceeding with the AES Regulations in advance of the Code of Practice creates regulatory uncertainty and undermines meaningful stakeholder engagement, particularly for strata communities that must make long term infrastructure and governance decisions.

6. Practical and Legal Challenges for Strata Companies

3.4. Governance and Voting Thresholds

The framework raises significant unresolved issues, including:

- strata companies do not have any legal relationship with tenants and, typically, do not have records of tenancies;
- strata companies are not lawfully able to levy contributions for electricity (or any other strata company expense) on tenants;
- what occurs if a strata company cannot obtain the required ordinary resolution or resolution without dissent to authorise electricity supply contracts or register new by-laws; and
- what happens if a single owner or occupier refuses to agree to a supply contract offered by the strata company.

Strata companies are collective entities governed by statutory voting mechanisms, and the AES framework appears incompatible with this governance structure in its current form.

3.5. Incompatibility with Strata Management Practices

Strata managers:

- do not typically invoice tenants directly for electricity consumption;
- issue accounts to owners, who then on charge tenants in accordance with the *Residential Tenancies Act*; and
- lack the systems and resourcing to manage individual supply agreements, hardship policies, arrears management, interval data, meter testing and tariff changes.

Even if the above was ignored, most current strata management software platforms are not capable of producing electricity bills that meet anticipated AES Code of Practice requirements without substantial redevelopment or third-party outsourcing.

7. Issues Raised in Workshops and Previous Submissions

SCA (WA) understands that feedback provided during stakeholder workshops and written submissions has consistently highlighted a number of unresolved issues, including:

- restrictive tariff structures that limit a strata company's ability to equitably recover electricity costs;
- impractical arrears and disconnection processes, which do not align with strata governance or tenancy arrangements;
- regulatory disparities between commercial embedded network operators and not for profit strata companies that on charge electricity at cost; and
- significant implementation and compliance costs that will ultimately be borne by lot owners through increased levies.

The absence of clear responses to these concerns in the exposure draft heightens the risk that the AES framework will impose costs and complexity without delivering commensurate consumer protections in the strata context.

8. Public Consultation Feedback and Outcomes from the Voluntary Embedded Network Code of Practice Process

During the 2024 public consultation on the Voluntary Embedded Network Code of Practice (VEN CoP), which informed the development of the forthcoming AES Code of Practice, Energy Policy WA received extensive feedback from industry participants, service providers and peak bodies, including SCA (WA). SCA (WA) Board representatives also participated in workshops convened by Energy Policy WA alongside industry stakeholders, the Ombudsman's Office and the Economic Regulation Authority.

Across these submissions and consultation workshops, a range of practical concerns was raised, including (but not limited to):

- restrictive tariff structures limiting equitable cost recovery;
- impractical arrears reporting and invoicing requirements;
- administrative and operational challenges for non-commercial entities;
- regulatory disparities between commercial embedded network operators and strata companies; and
- significant implementation costs projected to impact the property sector and strata communities.

Throughout the VEN CoP process, multiple practical solutions were explored, with Energy Policy WA indicating that compromise positions were being considered across several areas.

SCA (WA) will seek assurance that the outcomes of this consultation and the practical resolutions identified have been appropriately incorporated into the forthcoming AES Code of Practice. In addition, SCA (WA) proposes to meet with Energy Policy WA to continue advocacy on the issues raised during the public consultation phase and the further matters detailed in this submission.

9. Penalties and Financial Risk for Strata Schemes

SCA (WA) is particularly concerned about the penalty regime associated with non-compliance. Operating a Single Property Network without registration under the AES framework can attract significant fines, creating substantial financial risk for strata companies and their volunteer council members.

In many cases, strata companies may be unaware that long standing, at-cost electricity arrangements now fall within a regulated framework. Without clear transitional provisions, education, and proportionate enforcement, strata communities face the prospect of severe penalties for inadvertent non-compliance.

10. Risk of Perverse Policy Outcomes

SCA (WA) is concerned that, if implemented without modification, the proposed framework will:

- discourage strata companies from installing renewable energy and sustainability infrastructure;
- consolidate embedded network management among a small number of commercial providers;
- increase strata levies and administrative costs for consumers; and
- ultimately undermine the policy objective of an affordable and sustainable energy transition in the strata sector.

11. Recommendations

SCA (WA) respectfully recommends that the Department consider the following amendments before finalising the AES framework:

- Exempt strata schemes of twenty lots or fewer

  Small strata schemes pose minimal consumer risk and should be expressly exempt from the AES Regulations.

- Introduce strata specific carve-outs or simplified regimes

  Legacy strata arrangements that pass on electricity strictly at cost should be subject to simplified or deemed compliant pathways.

- Release the AES Code of Practice prior to finalising the Regulations

  The Code should be consulted on concurrently to allow stakeholders to assess the full regulatory impact.

- Align the AES framework with the *Strata Titles Act*

  Amend the *Strata Titles Act* or include default governance provisions to support electricity supply arrangements by strata companies and appropriate resolution thresholds.

- Provide a statutory mechanism where agreement cannot be reached

  Clear provisions are required to address circumstances where an owner or occupier refuses to enter into a supply arrangement.

- Ensure sustainability outcomes are not undermined

  The framework should actively support, rather than disincentivise, owner controlled embedded networks that deliver renewable benefits to strata communities.

12. Conclusion

SCA (WA) supports consumer protection in principle, but submits that the AES Regulations, as currently drafted, impose obligations on strata companies that are disproportionate, impractical, inconsistent with strata governance structures and counter-productive.

We strongly encourage Energy Policy WA to further engage with the strata sector and to release the proposed AES Code of Practice before finalising the regulatory framework, to

ensure it is workable, proportionate and supportive of sustainable outcomes for strata communities across Western Australia.

SCA (WA) would welcome the opportunity to participate in further consultation or targeted working groups to resolve these issues.

13. About SCA (WA)

Strata Community Association (WA) is the professional body representing the interests of the strata sector in WA, founded in 1989. Providing education, advocacy, and support to strata managers, service providers, owners, and stakeholders within the strata community.

A not-for-profit member-based organisation, representing approximately 1,500 individuals who subsequently represent over 134,000 owned properties in Western Australia. SCA (WA) is committed to:

- promoting and encouraging the highest professionalism, ethical standards and best practices within strata management;
- driving positive change and fostering a thriving strata community through effective advocacy and representation at local, state, and federal levels of government; and
- developing resources, training and educating industry professionals, equipping strata stakeholders with the knowledge and skills necessary to navigate the complexities around strata titled properties.

Based on the *2024 Australasian Strata Insights Report*[1], approximately 10% and more than 295, 000 Western Australian residents live in private apartments and other strata titled dwellings, with 52,878 strata schemes (containing 261 660 lots) and 26 851 survey-strata schemes (containing 81709 lots) registered.

Australia-wide, more than 2.5 million people live in flats and apartments, the vast majority being strata titled. This figure does not include other forms of strata title such as townhouses and community titled developments. Nor does it include businesses operating in strata-titled commercial schemes. The estimated value of property under strata title in Australia in 2024 is over $1.4 trillion.

As the growth of apartment and strata living has intensified over the last decade, the strata management strata services industry has grown in lock step to serve it. Strata managers navigate through a maze of legislation and regulation ranging from strata specific legislation, regulations, workplace, health and safety issues and building codes as well as measures applicable to the management of strata company funds.

[1] Easthope, H., Lu, Y. and Rivera, A. (2025) City Futures Research Centre: Arts, design & architecture - UNSW sydney, UNSW Sites. Available at: https://cityfutures.ada.unsw.edu.au/2024-australasian-strata-insights / (Accessed: 20 February 2026).