

**ELECTRICITY INDUSTRY AMENDMENT  
(ALTERNATIVE ELECTRICITY SERVICES) BILL 2023**

*Introduction and First Reading*

Bill introduced, on motion by **Mr W.J. Johnston (Minister for Energy)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**MR W.J. JOHNSTON (Cannington — Minister for Energy)** [12.37 pm]: I move —

That the bill be now read a second time.

The Electricity Industry Amendment (Alternative Electricity Services) Bill 2023 will create a framework that can extend enforceable protections and access to independent dispute resolution, to customers receiving electricity supplies and services through emerging or atypical electricity business models. Most electricity customers purchase their electricity from a licensed electricity retailer. However, an increasing number of customers buy electricity or electricity services from suppliers that do not hold an electricity retail licence. These suppliers either fall within an exemption from the requirement to be licensed or are entirely out of scope of the licensing and exemption framework.

The electricity licensing and exemption framework has been in effect since 2004. Licences with comprehensive customer protection obligations and stringent compliance requirements were applied to large operators while licence exemptions were utilised in some instances recognising that it was not practical for all energy supply arrangements to be licensed. However, a growing range of innovative electricity services and new or atypical business models and activities are emerging for which neither licences nor exemptions are fit for purpose. These services may incorporate retailing, storage, aggregation, generation and/or distribution of electricity. They may involve electricity management products or the collection or manipulation of electricity data. They may also involve different kinds of financing arrangements, such as a leasing or membership-based ownership arrangement for electricity assets. Specific examples include but are not limited to the onselling of electricity within embedded networks such as apartment buildings, shopping centres, retirement villages and long-stay residential parks, and the sale of electricity to customers through solar power purchase agreements. In the case of the former, it usually is the customer's sole supply of electricity—electricity as an essential service. In the latter, the supply is usually supplementary to electricity supplied by a licensed retailer. The primary challenge is that these new and emerging types of business models and arrangements can pose risks for electricity customers of those services, in particular, to small use customers who may assume they enjoy the same protections as customers of licensed retailers. For these kinds of electricity services, applying the existing licensing framework would impose onerous costs and regulatory burden, and some licensing compliance requirements would not be practicable or relevant to some services. However, continuing to rely on licence exemptions leaves customers without recourse to enforceable customer protections relevant to the activity or access to the Energy and Water Ombudsman to resolve complaints and disputes. Some types of electricity-related activities also fall outside the ambit of the licensing and exemption framework, such as services related to the use of energy data.

The purpose of this amendment bill is to create a flexible registration framework that allows activities to be prescribed as an alternative electricity service, or AES. The framework will then require providers of a prescribed service to register, to become a member of the Energy Ombudsman scheme, and to comply with conditions of registration. This registration framework will deliver enforceable protections for electricity customers of those AES providers. The primary legislation does not itself impose new regulatory obligations on any person or activity. To allow flexibility for the framework to be applied to new and innovative services, the activities regulated under the AES registration framework will be prescribed in regulation.

The bill will create the heads of power for an AES code of practice, which will set out customer protection requirements to be complied with by registration holders. The requirements for providers of each prescribed service can be tailored to the particular characteristics of that service. Consistent with the Better Regulation Program, before any activity is regulated under the AES framework, a regulatory impact assessment will be undertaken, including stakeholder consultation, to examine whether regulation is warranted, whether the AES registration framework is the appropriate form of regulation for the activity, and, if so, the regulatory settings that should be applied to that activity.

The bill will establish that the Economic Regulation Authority be responsible for monitoring compliance with, and enforcement of, the registration framework, as well as for maintaining the register of AES providers. As far as practicable, the structure of the AES registration framework in the new part 3A inserted into the Electricity Industry Act reflects part 2 of the act, which establishes the licensing framework, but with alterations to provide for a lighter handed, lower cost and flexible regulatory framework. The aim is that the AES registration framework is flexible enough to be able to cover a broad range of electricity-related activities into the future, if and when a need for

regulation of those activities arises. It is designed to provide a fit-for-purpose regulatory regime to extend protections to customers of innovative and emerging electricity services. I commend the bill to the house.

Debate adjourned, on motion by **Mr P.J. Rundle**.