

Embedded Networks – some positive developments

Stakeholders in the strata and community title sectors dealing with issues relating to embedded networks may be interested in a number of recent and pending developments which may make their lives a bit easier. Some of these arise from the wave of strata and community title law reforms recently implemented or pending and others arise from actions of regulatory authorities. The most important of these are:

- **IPART Pricing**

As from 25 September 2024, prices which can be charged for electricity supplied through embedded networks will be capped, with providers prohibited from charging more than the median market price determined by the Independent Pricing and Regulatory Tribunal ("IPART") for the relevant region. IPART has made determinations, which can be viewed [more information](#). This implements a policy to the effect that residents of buildings with an embedded network should not be paying more for electricity.

There are some associated requirements, e.g. that embedded network operators provide customers with an annual summary of electricity charges and compare their contracts with at least one other competitive retail offer.

- **AER Guidelines**

On 17 March 2025, the Australian Energy Regulator ("AER") released draft amendments to the Network Exemption Guideline and Retail Exempt Selling Guideline, as part of a broader review aiming to improve protections for residents of buildings operating embedded electricity networks. AER is currently reviewing feedback and expected to make a final determination later this year. Issues addressed by the amendments include enhanced:

- publication requirements relating to electricity tariffs and discounts as against local standing offers.
- regulator reporting requirements.
- pricing rules.
- disconnection safeguards.

- **Australian Consumer Law Unfair Contract Terms Regime**

On 1 July 2025, a new Section 32A was inserted into the Fair Trading Act 1987 extending the operation of the unfair contract terms regime ("UCT") to specified contracts with strata owners corporations and community associations. The effect of this was to remove any doubt that the UCT applied to contracts with owners corporations and community associations. This has obvious application to agreements relating to embedded networks and presents new opportunities for challenging unfair contracts relating to embedded networks.

Prior to this, contracts with owners corporations and community associations may already have been caught via the "small business" provisions of the UCT and people considering contracts claimed to be unfair made with owners corporations and community associations before that date should bear that in mind.

- **Supply agreements**

On 1 July 2025, Section 132A of the Strata Schemes Management Act 2016 & Section 124 of the Community Land Management Act 2021 were inserted extending the maximum three-year term imposed on agreements for supply of utilities to a wide range of communication services and domestic services.

- **Strata/Community Information Certificates**

At a later date, expected to be later this year, Section 184 of the Strata Schemes Management Act 2016 & Section 174 of the Community Land Management Act 2021 are to be amended to require that information certificates contain details of exclusive supply networks.

- **Conveyancing Laws**

At a later date, expected to be later this year, the Conveyancing Act 1919 and Conveyancing (Sale of Land) Regulation 2022 are to be amended regarding disclosure of exclusive supply networks in "off the plan" contracts, including:

- Amendment of Section 66ZL to extend the definition of material particular to circumstances in which the subject lot is or will be in a strata scheme or association scheme that includes or is likely to include an exclusive supply network, i.e. potentially giving the purchaser rescission rights if there is a change.
- Amendment of Schedule 2 of the Conveyancing (Sale of Land) Regulation 2022 to add an additional Item 23A adding the existence of an exclusive supply network to the list of adverse affectations, i.e. potentially giving the purchaser rescission rights if it is not disclosed in the contract.

If you are having issues with an embedded network in a strata scheme or community association, you have options, and we can help. Contact our expert team at enquiries@bannermans.com.au or on 02 9929 0226 for assistance.

Key takeaways

- IPART will cap electricity prices for embedded networks starting 25 September 2024.
- The AER is amending guidelines to enhance protections for residents in embedded networks.
- New unfair contract terms regulations will apply to contracts with owners corporations and community associations from 1 July 2025.
- Supply agreements for utilities will have an extended maximum term from 1 July 2025.
- Amendments to conveyancing laws will require disclosure of exclusive supply networks in 'off the plan' contracts.

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**Updated by Bannermans Lawyers
6 August 2025**



T: (02) 9929 0226

E: dbannerman@bannermans.com.au

P: PO Box 514

NORTH SYDNEY NSW 2059

ABN: 61 649 876 437

W: www.bannermans.com.au

AUSTRALIA