



# Embedded Networks

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With property agents looking more closely at property management issues at the moment with the new Residential Tenancy legislation that came into effect in May this year – we are receiving more questions than ever about general property management matters.

One of these issues in the past week where a few agents have requested clarification, relates to the definition of embedded networks and what it means to agents.

## **So what is an embedded network I hear you ask....**

An embedded network is a privately owned and managed electricity (or other utility) network within a multi-tenanted building or site, such as an apartment complex or shopping centre. Instead of each unit or business having their own connection to the main electricity grid, they are supplied by a single, on-site network that buys electricity in bulk and then sells it to the occupants.

The operators of embedded networks, pay to receive energy from the grid and then on-sell

the energy to the occupants. Most embedded network operators are considered “exempt sellers” and don’t need to be registered as traditional energy retailers. However, they must hold a valid exemption from the Australian Energy Regulator (AER) and meet specific conditions to protect customers. These conditions often include requirements for customer dispute resolution and consumer protections, ensuring that customers in embedded networks still have access to complaint services.

## **Embedded Networks and Strata**

As has been a topic of strata conversation over the last few years, embedded networks have also been addressed within the reforms effective as of 1 July 2025.

For utility agreements entered after 1 July 2025, any embedded network electricity contract must expire by the first AGM (if signed beforehand) or within three years if signed at the First AGM or shortly after the First AGM.

This rule now extends to other utility contracts involving water, gas, EV charging, stormwater systems. There will be no more situations where a developer signs an

embedded electricity network contract for 10 years with an auto-renewal for another 10 years providing a near-effective monopoly to that embedded network provider.

This is addressed in s132(A) of the Strata Schemes Management Act.

Strata managers are banned from getting a commission on insurance if the owners corporation obtained the quote and arranged for its payment independently, without their help.

### **132A Agreements for supply of utilities**

1. An agreement (including any additional term under an option to renew) for the supply of a utility with an owners corporation expires (if the term of the agreement does not end earlier or is not ended earlier for any other reason)
  - b. at the conclusion of the first annual general meeting of the owners corporation if the agreement was executed before the meeting, or
  - c. in any other case, 3 years after the date on which the agreement commenced.
2. Nothing in subsection (1) prevents the owners corporation from renewing an agreement for the supply of a utility by resolution at a general meeting on or after the expiry of the agreement.
3. An agreement for the supply of a utility in relation to a strata scheme that commenced before the commencement of this section expires 10 years after the date on which the agreement commenced (unless the term of the agreement ends earlier or is ended earlier for any other reason).

In this section:

**utility** includes:

1. communication services, and

Examples of communication services - the installation and supply of telephone, intercom, computer data and television services

2. domestic services

Examples of domestic services - **electricity**, gas, water, waste removal, air conditioning and heating, stormwater retention and filtration, hot water, recycling, sewerage and electric vehicle charging

Embedded networks will now also have to be included within purchase contracts for both existing and off the plan contracts. Failure to do so correctly gives buyers a legal right to rescind the purchase. Further, s184 certificates will also have to disclose the existence of an embedded network contract, including service type, provider, and contract terms.

In essence, embedded networks offer a different way of delivering utilities to multiple occupants within a specific area, with both potential benefits and drawbacks compared to traditional utility connections.

As agents, make sure that you are aware of the existence of an embedded network and disclose this information as required in the sales or property management process.

Rosy Sullivan

Director | College Principal

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