

Brookfield Cogen Australia Pty Ltd
(ACN 147 370 527)

15 September 2014

General Manager
Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne Victoria 3001**Re: Individual retail exemption by Brookfield District Energy (CP) Pty Limited for Central Park**

Brookfield District Energy (CP) Pty Limited (BDE) is pleased to submit its application for individual retail exemption to allow it to on-sell electricity at the development located at Central Park in Sydney.

BDE is a subsidiary of Brookfield Energy Australia Pty Limited which holds all of the shares in BDE, with Brookfield Energy Australia Pty Limited being the new name for Brookfield Cogen Australia Pty Ltd.

Brookfield has held numerous face to face meetings and ongoing discussions with the AER and is grateful for the feedback and assistance provided so far by the AER to enable BDE to submit this application.

BDE understands and is committed to AER's objectives of protecting the tenants at Central Park and has structured its approach to on-sell electricity in such a manner that the tenant's interaction with BDE as the embedded retailer would be the same as if the tenants would be receiving electricity via a market retailer. All tenants will have metered electricity and will be able to select their retailer of choice.

BDE has structured its application in the format as per the information sought for individual exemption outlined in the AER Guideline 'AER (Retail) Exempt Selling Guideline - Version 2' and BDE looks forward to receive feedback from the AER in its application.

Please feel free to contact the undersigned should the AER wish to clarify any items of this application.

General information requirements	
1	Your legal name. If you are a body corporate or community corporation, please indicate this.
	Brookfield District Energy (CP) Pty Limited (BDE)
2	Your trading name if different to your legal name.
	Same as above
3	Australian Business Number (ABN) or Australian Company Number (ACN).
	ACN is 601 611 330

4	Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.
Level 26, 135 King St, Sydney NSW 2000	
5	Nominated contact person, including their position in the organisation and contact details.
<p>Fraser Kirkpatrick New Business Manager Brookfield Cogen Australia Ph: (03) 63369356 Em: Fraser.Kirkpatrick@au.brookfield.com</p>	
6	Why you are seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances.
<p>BDE is seeking an individual exemption for the Central Park site as BDE will only be taking the role of embedded retailer at Central Park and no other site.</p> <p>BDE does not have business aspirations to be an embedded on-seller at other sites, and hence only requires an individual retail exemption for Central Park to facilitate the site objective of a precinct connected to a low carbon emission and high energy efficiency district central energy thermal and cogeneration plant.</p> <p>The cogeneration plant necessitates the need for an embedded network to connect customers to it which in turn requires the need to on-sell electricity. The cogeneration plant will provide base load and hence additional "top-up" electricity will be bought by BDE from a retailer to be on-sold to embedded customers.</p> <p>As stated, BDE's core business model is to own and operate thermal district energy plant (cogeneration assets) and not to on-sell electricity via embedded networks.</p>	
7	The address of the site at which you intend to sell energy, including a map of the site and a brief description of this site and its current and future use/s.
<p>Address: Central Park 3 Central Park Avenue, Chippendale, NSW 2008</p> <p>Please refer to the attached map in Attachmnet-1 for an outline of the site.</p> <p>The Central Park site is a new large property development in Sydney that includes residential, retail and commercial buildings and is being built on the former Carton & United Brewery site by Frasers Property</p>	

<p>Australia in joint venture with Sekisui House Australia. Approximately half of the property development is approaching completion (as shown as phase-1 on map). The remaining construction program will see the last six building completed over the next four to five years (phase-2 on map).</p> <p>BDE will be seeking to on-sell electricity to tenants in all buildings across the whole precinct (that is phase-1 and phase-2 buildings as shown on the attached map).</p>
<p>8 The primary activity of your business (for example, managing a shopping centre).</p>
<p>BDE is in the business of building, owning, and operating over the long term arrangements customer energy infrastructure assets, such as cogeneration plants, central thermal energy plants, and vehicle compressed natural gas plants and other high energy efficiency or low carbon solutions that assist customers achieve operational savings and emission reductions.</p>
<p>9 The form of energy for which you are seeking the individual exemption (electricity or gas). For electricity, please state whether the network you propose to sell is directly or indirectly connected to the main grid or is (or will be) an off-grid network.</p>
<p>BDE is seeking exemption to on-sell electricity. The embedded network will be connected to the Ausgrid electricity network in Sydney NSW.</p>
<p>10 Are you establishing, or have you established, energy supply in an area where there are no other viable energy supply arrangements available.</p>
<p>No, BDE is not establishing energy supply in an area where there are no other viable energy supply arrangements available.</p>
<p>11 The date from which you intend to commence selling energy.</p>
<p>The first date BDE expects to on-sell electricity at Central Park is end of 2015 early 2016 depending on the building construction schedule of the Central Park precinct.</p>
<p>12 Mailing addresses for premises at the site (where applicable). We may use this information to ensure that potential customers are able to participate in our consultation process.</p>
<p>The Central Park development is a staged construction process by the developer, Frasers Property Australia, will be the initial contact point for all future tenants at Central Park. (up until such time when a Strata Manager is appointed who will then take over as the contact point)</p> <p>Frasers Property Australia Suite 11, Lumiere Commercial Level 12, 101 Bathurst Street, Sydney NSW 2000</p>

<p>Phone (02) 9263 8888 E-mail info@frasersproperty.com.au</p>	
13	<p>Details of any experience in selling energy, for example:</p> <ul style="list-style-type: none"> • date/s and location/s of previous operations • form/s of energy sold • scale of operations (that is, the number, size and type of customers) • an explanation of which activities will be conducted in-house and which will be contracted out to third parties.
<p>BDE is a wholly owned subsidiary of Brookfield Infrastructure Australia (BIA). A number of BIA subsidiaries are involved in network delivery and retailing of energy in Australia.</p> <p>These subsidiaries include Tas Gas Networks Pty Ltd (a licensed gas distributor in Tasmania); Tas Gas Retail Pty Ltd (a licensed gas retailer in Tasmania); previous owners and operators of the Tasmanian gas transmission pipeline; previous part owners of Multinet gas network business; and previous owners and operators of WestNet gas network business.</p> <p>BDE can leverage off and gain access to the experience in operating the above energy businesses including:-</p> <ul style="list-style-type: none"> • Operation and maintenance of nine discrete gas distribution networks connecting over 11,000 residential and commercial customers. • The provision of meter reading, data reconciliation and billing services • The provision of full retailing services to over 8500 gas customers 	
14	<p>Whether you currently hold, or have previously held or been subject to, an energy selling exemption or a retail licence (retailer authorisation) in any state or territory. If so, please provide details.</p>
<p>BDE does not currently hold, nor has it previously held or been subject to, an energy selling exemption or a retail licence (retailer authorisation) in any state or territory. However BIA's affiliated businesses has a gas retail licence in Tasmania.</p>	
15	<p>What arrangements you have made in the event that you can no longer continue supplying energy (e.g., has the retailer that sells to you agreed that they will service the customers).</p>
<p>In the event BDE can no longer supply electricity, each customer is able to select a market retailer of their choice. The embedded network is designed to enable all customers to select a retailer of their choice.</p>	
<p>Particulars relating to the nature and scope of the proposed operations</p>	
1	<p>Will your customers be your tenants? If so, are they residential or commercial/retail? Are they covered by residential or retail tenancy, or other legislation governing accommodation that is a person's principal place of residence (for example,</p>

	retirement village legislation, residential parks or manufactured home estates legislation) in your state or territory?
	No, embedded customers at Central Park will not be tenants of BDE.
2	Are you providing other services (for example, accommodation/leasing of property) to persons on the site who you intend to sell energy to? Or will your only commercial relationship to persons on the site be the sale of energy? If you are providing other services, please specify what these services are, and the contractual or leasing arrangements under which these services are being provided.
	<p>No, BDE is not providing accommodation or leasing of property.</p> <p>BDE is providing each building at Central Park thermal energy services (hot and cold water) from a centralised energy plant. These thermal services are contractually provided to the building strata corporations, who in turn charge the individual customers in each building.</p> <p>BDE is also operating a gas fired cogeneration plant that provides the connected customers with a lower carbon emission source of electricity.</p>
3	What is the total number of dwellings/premises at the site? Please provide a breakdown between residential and business customers (and whether they are small or large as defined for the jurisdiction in which you intend to operate). ¹
	<p>The following dwelling numbers are estimates at this stage:</p> <p>Phase-2 site buildings: (as per map in Attachment-1) Proposed residential dwellings: 818 Proposed small business (<100MWh) premises: 7 Proposed large business (>100MWh) premises: 40</p> <p>Phase-1 site buildings: (as per map in Attachment-1) Proposed residential dwellings: 1428</p>
4	Will you be on-selling energy (that is, selling energy purchased from an authorised retailer) or purchasing it directly from the wholesale market?
	Yes, BDE will be on-selling electricity purchased from an authorised retailer (and also will be generating a portion of on-sold electricity via a cogeneration plant)
5	If purchasing from an authorised retailer, have you formed, or do you intend to form, a bulk purchase contract with the energy retailer, and how far into the future does this, or will this, contract apply? If you have formed, or intend to form, a contract, please provide a brief summary of this arrangement.

¹ For electricity, large customers are customers who consume 100 MWh pa or more in New South Wales, the ACT, Queensland and Victoria, and 160MWh pa in South Australia; and for gas, customers who consume 1TJ pa or more.

<p>BDE is proposing to purchase electricity via a bulk purchase contract from an authorised retailer. The commencement of on-selling to the first Phase-2 building is to occur in 2015/16. BDE has made early preliminary investigations with authorised retailers for bulk electricity supply and they indicate contract terms of around three years.</p>
<p>6 What is the estimated aggregate annual amount of energy you are likely to sell (kilowatt hours or megawatt hours for electricity and mega joules or gigajoules for gas) and the average expected consumption of customers for each type of customer you service (that is, residential customers and retail or commercial customers)?</p>
<p>Total electricity estimated to be sold by BDE at Central Park Phase-2 buildings (see map attachment-1) once site is fully completed in 2018/19 is expected to be 29 GWh pa. The average consumption per customer category is:-</p> <ul style="list-style-type: none"> Average Residential Customer Consumption is 11 MWh pa per customer. Average Small Business Customer Consumption is 60 MWh pa per customer. Average Large Business Customer Consumption is 380 MWh pa per customer. <p>For buildings in Phase-1 (see map attachment-1) BDE at this stage has not as yet established electricity sales volumes.</p>
<p>7 Will your customers be wholly contained within a site owned, controlled or operated by you? (For the purposes of this question, a body corporate may be taken to 'operate' premises it oversees).</p>
<p>Embedded electricity customers at Central Park will be physically contained within the Central Park precinct. The Central Park precinct is not controlled, owned or operated by BDE.</p>
<p>8 Will each premises/dwelling be separately metered? If the application is for a new development or a redevelopment and customers will not be separately metered, please explain why not.</p>
<p>Yes, every embedded electricity customers (residential, small and large business) at Central Park will be separately metered.</p>
<p>9 What types of meters will be used? For example, basic/accumulation meters, manually read interval meters or remotely read interval meters? Will these meters allow your customers to change retailers (i.e. not source their energy from you)?</p>
<p>All electricity metering on the embedded network will be able to provide either Cumulative or Time of Use tariffs for all customers (residential, small and large business).</p> <p>The electricity meters will be remotely read.</p> <p>The metering design will fully facilitate customers wishing to select a retailer of their choice.</p>
<p>10 What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which</p>

Standard or Standards. For electricity meters, will the meters comply with National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013? ²	
<p>All meters provided shall be National Measurements Institute (NMI) pattern approved with valid pattern approval certificate. All electricity meters are to be supplied, installed and commissioned in accordance with:</p> <ul style="list-style-type: none"> • National Measurements Institute “Pattern Approved” referencing AS1284.5 for Class 1.0 and AS1284.9 for Class 0.5 • National Electricity Rules (NER) • The relevant State Electricity Act & Regulations • Jurisdictional Rules and • AS3000 Wiring Rule <p>The whole current electricity meters to be used for single phase applications shall have Class 1 (or better) accuracy. The whole current or CT electricity meters to be used for three phase low voltage applications shall have Class 1 (or better) accuracy. The CT electricity meters to be used for three phase high voltage applications shall have Class 0.5 (or better) accuracy.</p>	
11	If customer dwellings/premises are separately metered, how often do you propose the meters to be read and by whom?
<p>As all embedded customers at Central park will be separately metered via remote automated meter reading the frequency of meter reading will be regular, at least monthly for all customer types.</p> <p>BDE will be contracting out the services of meter reading to Flow Systems Pty Ltd, an affiliated company of BDE. (refer to AER Clarification Questions at the end of these table for more information)</p>	
12	How will you determine energy charges if customers are not separately metered?
N/A. All embedded electricity customers are separately metered.	
13	In what form and how often will customers be billed? Will you be issuing bills yourself or through a billing agent?
<p>BDE will be billing residential and small business customers at least every three months. The form of a residential/small business bill will consist of the following particulars:</p> <ol style="list-style-type: none"> a. The name of the customer. b. The address of the customer's premises. c. Date that the account was issued. d. The identifier of the meter for the customer's premises. e. The pay-by date for the bill. f. Date of the current meter reading or estimate, as applicable. g. The dates to which the meter reading or estimate applies (billing period). 	

² For further information, see www.measurement.gov.au.

- h. Current meter reading or estimate in kilowatt hours. Where the amount is an estimate, this will be clearly stated on the bill.
- i. Previous meter reading or estimate in kilowatt hours. Where the amount is an estimate, this will be clearly stated on the bill.
- j. The amount of energy consumed, or estimated to be consumed, in the meter reading period. Electricity consumption will be shown in kilowatt hours.
- k. Tariffs, fees and charges applicable to the customer.
- l. The basis on which tariffs, fees and charges are calculated.
- m. Any amount deducted, credited or received under a government or non-government funded energy charge rebate, concession or relief scheme or under a payment arrangement.
- n. Details of the available payment methods.
- o. A telephone number for account inquiries and complaints.

Large business customers (>100MWh pa) will be billed monthly. The form of a large business bill will consist of the following particulars:

- (a) the period for which the invoice applies;
- (b) the Charges payable for each Connection Point for the period;
- (c) sufficient information to enable the Customer to verify the Charges;
- (d) a statement that it is a Tax Invoice and the amount of GST payable; and
- (e) the due date for payment.

BDE will be utilising a billing agent (Flow Systems Pty Ltd, an affiliated company of BDE) to perform all billing and payment services for the embedded electricity customers at Central Park.

14 What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues?

BDE is proposing to utilise a similar dispute resolution process as used by its affiliated companies such as Flow Systems or Tas Gas Retail.

The form of the dispute resolution process will be similar to the example shown in Attachment-2 at the end of this document which is based on Flow Systems current process to its water customers.

BDE has been advised that the NSW Ombudsman’s jurisdiction falls outside customers on a private electricity network and BDE are now exploring with the Energy and Water Ombudsman NSW (EWON) if embedded customers fall under its jurisdiction, with an indication from EWON that BDE may likely become a member of EWON for tenant dispute resolution. Further Flow Systems Pty Ltd who will be performing billing services for BDE is a member of EWON.

15 What energy rebates or concessions are available for your customers and, if applicable, how can customers claim these?

BDE is proposing to apply the approach outlined in the AER core exempt conditions.

Where an exempt customer is eligible to receive a government or non-government energy rebate, concession or assistance under a relief scheme, BDE will not hinder an exempt customer’s attempts to establish eligibility.

<p>If the government or non-government energy rebate, concession or assistance under a relief scheme can only be claimed by BDE on behalf of the exempt customer, BDE will use their best endeavours to make a claim and, if successful, BDE will apply the rebate, concession or assistance to the exempt customer's bill.</p>
<p>16 Will you make energy efficiency options available to your customers? Will your network incorporate solar or other generation options for sustainability purposes? If so, will you use gross or net metering?</p>
<p>All residential customers at Central Park, as part of the building design and green star objectives, will have an energy management interface (screen or device) that will allow energy (and water) usage to be monitored for the purpose of energy management. This device allows the building to achieve a higher green star rating as it reduces customer energy usage via providing information on usage consumption and profiles at near real time. In addition BDE via Flow Systems Pty Ltd, will provide customers with access to their usage data in near time on a secure cloud hosted portal allowing for improved customer knowledge and choice in usage.</p> <p>Further, the electricity obtained from the BDE cogeneration plant is of a lower carbon emission intensity than that provided from the grid, and as it is produced simultaneously with the thermal energy used by the customers their total delivered electrical and thermal energy efficiency is very high.</p>
<p>17 Please provide any further information that you consider would assist us to assess your application.</p>
<p>BDE understands and is committed to AER's objectives of protecting the embedded electricity customers at Central Park and has structured its approach to on-sell electricity in such a manner that the tenant's interaction with BDE as the embedded retailer would be the same as if the tenants would be receiving electricity via a market retailer. BDE will provide embedded tenants electricity prices that match or beat market prices. All tenants will have metered electricity and will be able to select their retailer of choice, with metering, billing and customers rights the same as if they were provided from an authorised retailer.</p>
<p>AER Clarification Question:</p> <p>Greater detail on the specifics of the co-generation plant and the business model (for the provision of "background" to the AER Board)</p>
<ul style="list-style-type: none"> • The Cogen Plant will initially have an electrical output capacity of 1.1MWe and expected to increase to 2.2Mwe within two to three years time as site load increases. • All electrical output from the Cogen Plant will be consumed within the Central Park precinct (no export to grid). • The thermal energy recovered from the Cogen Plant will be used to provide hot water (for space heating and potable use) and chilled water (for space cooling) to all buildings within the precinct. • The business case for the Cogen Plant was primarily to reduce the Carbon foot print and cost of energy as well as provide a more secure energy supply for the precinct.

Clarification Question:

Clarification as to how easily a customer will be able to access retailer of choice- are there any costs incurred in leaving the embedded network, or any technical obstacles?

- A customer can easily access a retailer of choice and has no restrictions to do so. They are able to select a retailer in the same manner as if this were not an embedded network.
- There are no technical obstacles should a customer choose a retailer of choice. The electrical design and metering setup is the same as for a standard non-embedded network.
- There are no costs that BDE will charge a customer for leaving (except for exceptional circumstances).
- A customer's new retailer will need to make the same arrangements as if this was not an embedded network. That is the retailer will install their own electricity meter. It is up to the retailer how it charges the customer for the new meter and setting up a new customer account

AER Clarification Question:

Confirmation that it will be BDE, and not the building strata corporation, that will be undertaking the on-selling – that is, BDE will enter into a bulk energy supply contract with an authorised retailer and then onsell the energy to the embedded network customers (in contrast to the thermal energy services provided by BDE which the application states will be charged to the customers by the building strata corporation)

- BDE confirms it will be undertaking the on-selling of electricity directly to all embedded customers at Central Park, being residential and small/large business. (the building strata corporation will not be on-selling electricity to customers).
- BDE will also sell electricity to building strata corporation for their own consumption such as the common building areas.
- BDE will enter into a bulk energy supply contract with an authorised retailer and then on-sell the electricity to the embedded network customers.

AER Clarification Question:

Details of the billing agent and meter services provider you will be using (once known)

- Billing agent for BDE will be Flow Systems Pty Ltd, an affiliated company of BDE.
- Meter services provider will be Flow Systems Pty Ltd, who at this time do not expect to use an external metering services provider, however may review their needs in the future subject to operational requirements.
- Flow systems are already providing the metering and billing (as a NSW WIC Act licensed water utility) of water to all of the tenants at the Central Park precinct as they are the operator and manager of the recycled water plant for the precinct

AER Clarification Question:

Details of your approach to customers who have difficulty paying their bill due to financial hardship.

- Central Park is premium development in a premium location and as such is expected to attract a demographic of owners and tenants with a strong financial position. However, should embedded customers experience difficulty in paying their bills due to financial hardship, then BDE will adopt a similar approach as that of other energy retailers.
- BDE proposes to modify (to make it relevant to this project) and adopt a hardship policy such as that offered by Energy Australia, the local authorised retailer. As an example please refer to the Energy Australia hardship policy (on their website) for reference.

Kind regards

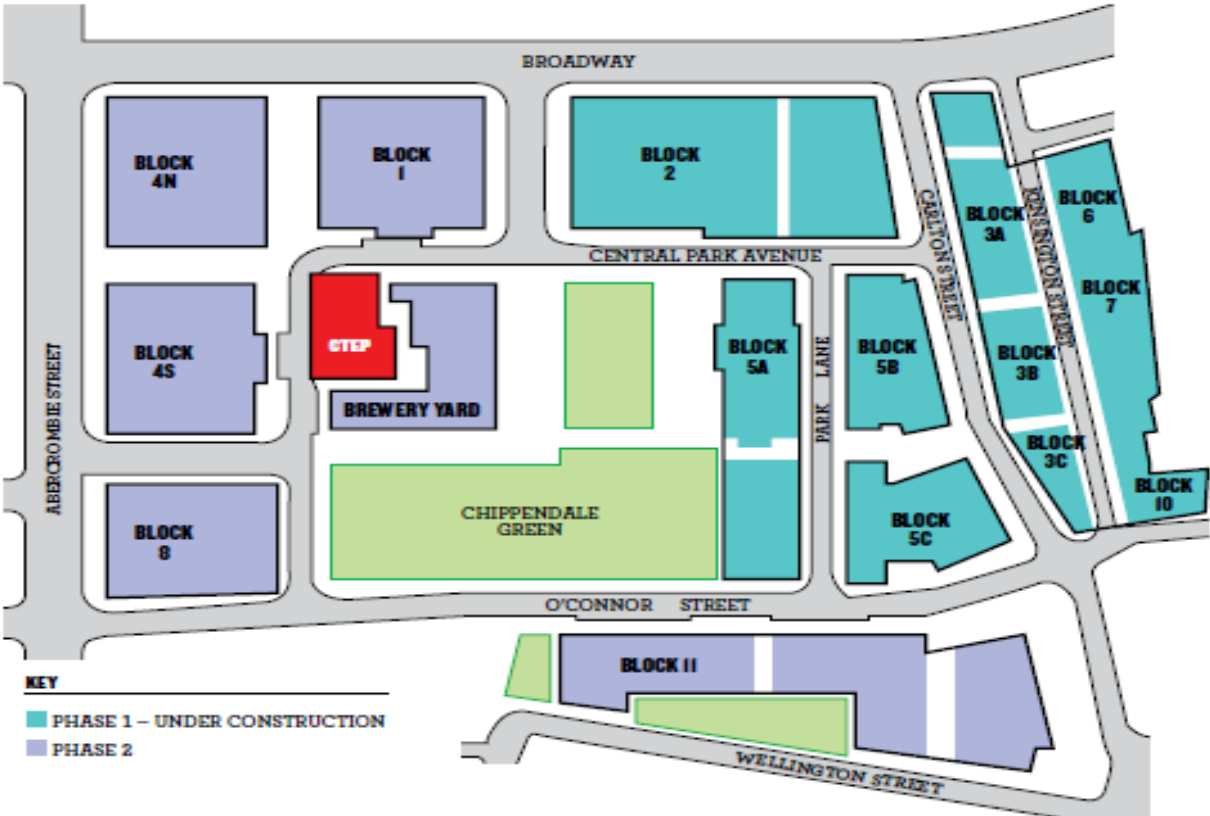
Fraser Kirkpatrick

Fraser Kirkpatrick
New Business Manager
Brookfield Cogen Australia

Brookfield

ATTACHMENT-1

Central Park Site



ATTACHMENT-2

An example of a dispute resolution process proposed to be used by BDE which is based on an affiliated company Flow Systems Pty Ltd process in the sale of water to customers.

Customer Complaints

Purpose

The purpose of the Code of Practice is to describe the process that Flow Systems will use to respond to complaints by Customers.

Applicable to

This Code applies to all complaints from Flow's existing and potential Customers (including enquiries and complaints initiated by tenants who are not Customers). This Code applies to complaints regarding any Flow activity, service or WFC's complaint handling process itself.

This Code applies equally to complaints arising from services provided by WFC or any of its Group members.

Code of Practice

Flow recognises that Customers (and, at times, tenants) may need to contact us to make a complaint if a service, product, decision or action fails to meet their expectations or our standards. This Code covers:

- *Complaints Handling*
- *Complaints Resolution*
- *Escalation*
- *Compliance and Continuous Improvement*

Complaints Handling

Flow is committed to treating complaints promptly, fairly, equitably, confidentially and professionally. Flow's aim is to manage complaints such that they can support the constant improvement of our Customer services.

If a Customer (or tenant) has a complaint with any aspect of our Services, the Customer (or tenant) should contact us and we will aim to resolve the issue as quickly as we can. Flow welcomes Customer (including tenant) and community feedback as it helps us to identify problems and improve our operations. You can contact us in the following ways:

- *Telephone: Customer/Community Line 1300 803 803*
 - *E-mail: contact@flowsystems.com.au*
 - *On-line: Existing customers can email us via the "Contact Support" link in "Your Account".*
- All complaints will be recorded, classified and tracked in Flow's Customer Relationship Management System (CRM). Customers will be provided a unique "ticket" number for each complaint which the Customer can retain and/or recall for future enquiries. Complaints from tenants will be logged into the CRM under the Customer whose property the Services are being provided to. This will also enable Flow to track all complaints.*

In addition, any documentation received will be retained in the CRM under the corresponding "ticket" number.

Customer complaints will be investigated by a Flow Customer Service Officer (CSO). After investigation, Customers will be advised of the resolution with all comments, actions and resolutions recorded in the Flow's CRM against the Customer's corresponding "ticket" number.

Complaints Resolution

Flow will receive, acknowledge, investigate, and respond to complaints promptly. Where a response and/or remedy can be provided immediately, we will provide the information to, or take the necessary action for, the complainant and close the complaint.

Our aim is to resolve your problem as quickly as we can. If it cannot be resolved immediately, we will respond to, or provide a status update within 2 working days.

More complex problems may need to be looked into further and Flow will attempt to resolve complaints within 20 days of initial contact. During this time we may contact the Customer (or tenant) for further information or the Customer (or tenant) can contact us for an update.

Where a complaint is of a serious or urgent nature, complaints will be resolved as soon as practical. Flow will ensure protection of confidential and personal information in receiving and resolving complaints through compliance with its Privacy Policy which is available on the Flow website.

Resources, Training & Continual Improvement

Flow will ensure that complaints are handled by appropriately trained Customer Services staff and that the complaints handling process is adequately resourced in order to meet its complaints response goals described above.

Flow has access to detailed reports on complaints and how they are resolved and Flow senior management will use these reports to review and continually improve the complaints handling process, where necessary.

Escalation

If a complaint cannot be resolved to the Customer's satisfaction, then the Customer can ask to refer the matter to a higher level of management within Flow.

If the Customer is still dissatisfied with the outcome, the Customer may choose to contact the Energy and Water Ombudsman NSW (EWON). Flow is a registered member of EWON.

EWON provides an independent way of resolving complaints. The Ombudsman is able to make decisions without any interference, based on what is fair and reasonable in the circumstances of each case. This service is free to Customers.

EWON contact details are:

- Freecall: 1800 246 545
- Freefax: 1800 812 291
- Freepost: Reply paid K1343, Haymarket NSW 1239
- Email: omb@ewon.com.au
- Website: <http://www.ewon.com.au/index.cfm/contact-us/>