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| Application for Individual Exemption for Building Utilities and Property Services Pty Ltd |
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| Nero Newstead |
| 71 Doggett Street, Newstead Q 4006 |
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| © Building Utilities and Property Services Pty Ltd ACN 612 206 532 |

# General Information Requirements

## Legal Name

Building Utilities and Property Services Pty Ltd ACN 612 206 532 (“BUPS”)

## Trading Name

## Building Utilities and Property Services

## Registered Address

Gate 5, Shed 21, 221 Hedley Avenue, Hendra QLD 4011

## Postal Address for Correspondence

PO Box 3285, Newstead QLD 4006

## Nominated Contact Person

Joseph Panettiere
(07) 3868 2806

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## Why are you seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances.

BUPS is seeking an individual exemption in connection with a private network to create an embedded network for the sale and on-supply of electricity and gas supply on a single site.

The single site consists of a building, to be known as Nero Newstead, with 108 lots (“Building”). 107 lots are for residential apartments that can be used for either a residential dwelling or for short term accommodation. 1 lot (“Lot 1”) is lot that can be used by the letting agent/manager on site.

BUPS will be or is also the caretaker of the building under a proposed Caretaking Agreement with the Body Corporate.

BUPS has caused to be installed the electrical meters for the building and has also supplied and installed gas meters and a centralised gas hot water plant on the roof the Building.

The electricity meters have been supplied by Metering Dynamics (part of Energex). A system for the monitoring and reading of the electricity meters is supplied by Metering Dynamics.

BUPS is seeking to have the requirement of Condition 12 of the AER’s Electricity Network Service Provider (NSP) Registration Exemption Guideline, that every Tenant consent to their premises becoming part of an embedded network or subject to an exempt selling regime, waived.

BUPS is seeking an individual exemption, rather than a retail authorisation, as the on-selling activities are incidental to BUPS primary business as a caretaker.

## 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.

The Building known as Nero Newstead is located at 71-73 Doggett Street, Newstead QLD 4006. It is a multiple dwelling unit and short term accommodation unit building.

The Development Approval for the Building allows the use of the Building for both residential dwelling uses and for short term accommodation. The use of the Building can occur in any combination of residential use or short term accommodation.

The Building is located within the Energex distribution area.

**Location of Nero Newstead**



## The primary activity of your business (for example, managing a shopping centre).

BUPS’ primary activity includes its activities as the caretaker for the Building, the provider of electricity meters, gas meters; and the supplier of the certain centralised gas hot water plant on the roof of the Building.

BUPS has or will enter into a Caretaking Agreement with the Body Corporate for the Building. BUPS will retain a caretaker to supply caretaking services for the Building.

## 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.

BUPS is seeking the individual exemption for the following energy forms:

1. Electricity (metered);
2. Natural gas (metered);
3. Unmetered gas to the gas cookers in the lots or units in the Building;
4. Metered gas to certain facilities on the common property (Teppanyaki area, BBQ area, fire place on level 3 of the the Building and the gas pool heating equipment on level 2 of the building) (see attached Gas Price Fact Sheet for the Body Corporate)

The Building will be connected to the local electricity distribution network via one or more connection points. The local electricity distributor is Energex.

The Building will be connected the local gas distribution network via one or more connection points. The local gas distributor is AGL.

## Are you establishing, or have you established, energy supply in an area where there are no other viable energy supply arrangements available.

No.

## The date from which you intend to commence selling energy.

BUPS intends to commence selling and on-supplying energy on completion of the construction of Building (or after the date the individual exemption is granted to BUPS).

The Building is to be completed by the end of October 2017.

## Mailing address 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.

The mailing address for BUPS is PO Box 3285, Newstead QLD 4006

The site street address for the Building upon completion will be 71 Doggett Street, Newstead QLD 4006.

On completion of the Building the body corporate’s address will be care of SSKB Body Corporate Management PO Box 10093, Adelaide Street, Brisbane, QLD 4000.

## Details of any experience in selling energy:

1. **date/s and location/s of previous operations**
2. The management personnel of BUPS (through other entities) were involved in the establishment of an embedded electricity network in a high-rise apartment development consisting of 123 units in the Brisbane CBD in 2003. This project was known as River Park Central and was located in Mary Street, Brisbane CBD.
3. The management personnel of BUPS (through other entities) were involved in the on-supply of electricity between 2007 – 2014, in a retirement village in Brisbane known as Liberty Senior Living Taigum, consisting of 98 accommodation units.
4. **form/s of energy sold**

The form of energy previously sold referred to in 13 (a) above was electricity.

1. **scale of operations (that is, the number, size and type of customers)**
2. In relation to the River Park Central project there were 124 customers (the body corporate plus 123 unit owners or occupiers).
3. In relation to the Liberty Senior Living Taigum Retirement Village there were 98 customers/residents or occupiers of the accommodation units.

## an explanation of which activities will be conducted in-house and which will be contracted out to third parties

1. BUPS will either undertake the activities involved in the on-selling of the electricity and gas for the Building in-house or it may outsource some of the billing services of the on supply of electricity or gas.
2. BUPS have retained Metering Dynamics (Energex) to supply the electricity meters, gas meters. BUPS intends to enter into an agreement with Metering Dynamics for the supply of software for the reading of the electricity meters, gas meters and for supply of data to allow the production of electricity and gas bills. This software is known as EMP Multi Plus (an integrated software platform designed to monitor and manage energy and utility consumption) See the attached EMP Multi Plus brochure from Metering Dynamics.

## What arrangements have you 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).

The embedded network can be configured so that, in the event that BUPS can no longer supply energy to the Building, the Body Corporate or owners, and occupiers will be allowed to enter into an Energy Sale Agreement (“ESA”) with an authorised retailer of their choice.

If there is any likelihood that BUPS will be unable to continue supplying energy, BUPS will notify the Body Corporate and all relevant owners and occupiers of relevant lots or apartments in the Building and the AER.

# Particulars relating to the nature and scope of the proposed operations

## 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, retirement village legislation, residential parks or manufactured home estates legislation) in your state or territory?

All BUPS customers will be either:

1. residential tenants in the Building, including long term residential tenants in the Building, which will be covered by Residential Tenancy Legislation. In Queensland this legislation is the Residential Tenancy Act QLD; or
2. short term occupants of serviced apartments in the Building.

The embedded electricity network will not include any retail or commercial businesses except for the letting business of the letting agent that may be conducted from the site.

## 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.

In addition to the supply/on-sale of electricity and gas, BUPS will provide caretaking services. There are related entities to BUPS supplying letting services, internet and telephone services to the Body Corporate, residents or other occupiers of lots or apartments in the Building.

## 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).

The total number of dwellings/premises or lots in the Building is 108.

The anticipated total number of residential tenants and short term occupants (non-businesses) is 107.

The Letting Agent of the Building may also conduct their business (being management of lettings of the Building) out of 1 lot in the Building.

## Will you be on-selling energy (that is, selling energy purchased from an Authorised retailer) or purchasing it directly from the wholesale market?

BUPS will on-sell electricity purchased from an authorised electricity retailer. BUPS will not be purchasing any electricity directly from the wholesale market.

BUPS will on-sell gas purchased from an authorised gas retailer. BUPS will not be purchasing any gas directly from the wholesale market.

## If purchasing from and 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.

BUPS intends to enter into aof bulkpurchase contract for electricity with an authorised energy/electricity retailer for a period of 1 to3 years, depending on terms offered or available at the time.

BUPS intends to enter into abulk purchase contract for gas with an authorised gas retailer for a period of 1 to 3 years, depending on terms offered or available at the time.

## 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 giga joules 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)?

The estimated annual consumption of electricity for the entire apartment building is 141,7000 KWh.

The estimated annual consumption of electricity of a typical residential customer in an apartment is 5000 KWh.

## 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).

Yes customers will be owners or occupiers of lots / apartments that are wholly contained within the Building.

The units / apartments are part of a community titles plan scheme. The common property is controlled by a Body Corporate.

The Body Corporate of the Building will also be a customer for the on-supply of electricity and gas to common areas or common area facilities.

## 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.

Yes; each premises/dwelling will be separately metered. There will be a separate electricity meter for each lot in the Building. There will also be separate electricity meters for common property electricity usage in the Building. There will be gas meters for the supply of gas to certain common property locations controlled by the Body Corporate. There will be separate cold water and hot water meters for each lot. The supply of gas to cooktops in premises/dwellings will be on an unmetered appliance basis.

## 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)?

BUPS will install manually or remotely read interval meters to measure the electricity consumption for all on-market and off-market customers in the relevant embedded electricity network.

The embedded network metering arrangements will facilitate customers to switch away from BUPS’ energy supply arrangement if they choose to purchase electricity from an authorised electricity retailer.

The capital cost of the embedded network installation will be borne partly by the developer and partly by BUPS who will supply and own the electricity meters and other relevant equipment.

There will be no capital costs for the customers to switch between BUPS energy supply arrangement and an authorised retailer or vice versa (unless the customer requires its own meter).

## What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which Standard or Standards. For electricity meters, will the meters comply with the National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013?

Implementation of the embedded electricity network will involve the use of remotely read interval meters (type 4), certified by the Australian Energy Market Operator (AEMO) for use in the Australian Energy Market and complying with the National Electricity Rules, and the current Electricity Customer Metering Code.

The embedded network metering system technical requirements adhere to Federal and State legislated design guidelines for accuracy requirements, on-board data storage, meter class, security/tamper proofing requirements, including any other standards relating to the installation of embedded electricity networks.

Whole current and CT (one of three phase low voltage) meters will have Class 1 accuracy.

While CT’s for kWh metering shall comply with NER standards and AS 1675 / AS 60044 as well as meet equivalent of Class 0.5 for revenue metering and Class 1.0 (or better) for all other metering.

All electricity meters shall measure billing log – import Wh, VArh and export Wh, VArh.

The electricity meters shall measure power quality on request and store data for at least 6 months of 30 minute interval data in memory.

The electricity meters used are the EDMI MK10A (for common property) and the EDMI MK7C (for the lots / apartments) which have been supplied by Metering Dynamics (Energex).

Information brochures on the EDMI MK10A and the EDMI MK7C are attached.

The relevant gas meters used to measure the supply of gas to common property locations will be supplied by Landis + Gyr. The relevant gas meters are the RABO-6M.

## If customer dwellings/premises are separately metered, how often do you propose the meters to be read and by whom?

The electricity meters, for customers that are part of the embedded electricity network, will be manually or remotely read on a monthly or quarterly basis by BUPS or a contractor retained by BUPS.

The electricity meter reading is automated and will be accessed by BUPS through software supplied by Metering Dynamics. Refer to the Metering Dynamics information.

## How will you determine energy charges if customers are not separately metered?

**On Supply of Electricity to Residential Customers**

The on supply of electricity to residential customers will be separately /individually metered.

The energy charges for the on-supply of electricity will be billed to individual residential customers in accordance with the current electricity prices referenced to the Origin standing offer electricity prices for residential properties in the relevant distribution zone.

The energy charges for the on-supply of electricity will be provided at a discounted rate of up to 15%, based on the then current Origin Standing Offer QLD Residential Price Fact Sheet rates for electricity. This discount is in line or below current discounts offered by other electricity retailers. Please see by way of reference the attached OriginStanding Offer QLD Residential Price Fact Sheet.

**On Supply of Gas to Body Corporate for Common Property**

The on supply of gas to common property will be separately metered and billed to the Body Corporate based on meter readings at the rates referred to in the Gas Price Fact Sheet for the Body Corporate.

These rates are based on similar rates available from other gas retailers and are not considered to be greater than retail gas charges available in the marketplace at the time of this application.

**On Supply of Gas Residential Customers / Unmetered Appliances**

The on supply of gas to gas cooktops will be unmetered and will charged to the relevant customer (owner or tenant) in accordance with the attached Gas Price Fact Sheet for Residential Customer.

The rate commonly charged by other retailers in the same or similar areas for the supply of unmetered reticulated natural gas is between 48 cents per day to 51 cents per day inc GST.

For example, Origin Energy, in its agreements that relate to the supply by them of unmetered gas for cooktops provides *“gas charges for apartment cooktops would be in the order of 49.74 cents per day inclusive of GST (i.e $181.55 per annum / apartment)”.*

In this regard, attached is an account from Origin Energy for the supply to a tenant in the building, Newstead Towers, 37 Kyabra Street, Newstead, at a rate of 46.3370 cents (excluding GST) and 50.9707 cents (including GST)

As a further example Metered Energy Holdings Pty Ltd ABN 44 108 143 862 supplies unmetered gas to gas cooktops to apart-ment owners or occupiers in a neighbouring building in Newstead (“Lumira”, 16 Masters Street, Newstead) at the rate of 48.239400 cents per day (i.e. $176.07381 per annum / apartment). Please find attached the relevant account as an example of this.

The applicable rate to be charged by BUPS for the supply of reticulated natural gas on an unmetered basis is 43.64 cents (excluding GST) and 48 cents (including GST) per day (therefore $175.20 per annum/apartment. This rate is slightly below the current market rates for the supply of reticulated natural gas to gas cookers/appliances on an unmetered basis.

## In what form and how often will customers be billed? Will you be issuing bills yourself or through a billing agent?

The meter data for the on supply / use of electricity will be provided through the data meter service supplied by Metering Dynamics (Energex).

The billing of electricity will be undertaken by BUPS or its billing agent or contractor on monthly or quarterly basis depending on the terms of the relevant Energy Sale Agreement.

The bills / invoices for the on supply of electricity or gas will be produced by BUPS or by a billing agent or contractor retained by BUPS.

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

**Dispute Resolution by BUPS – Onsite Personnel**

The customers in the embedded network for the on supply of electricity or gas will have ongoing access to BUPS for the handling of disputes and/or if they have questions in relation to their relevant contract, changes to their bill or disconnecting or reconnecting their service.

BUPS will be the first point of contact in relation to the on supply of electricity or gas or the billing arrangements for same.

BUPS is also the caretaker of Nero Newstead. BUPS will have personnel on site from time to time, within business hours, who are familiar with the arrangements for the on-supply of electricity and gas.

BUPS personnel can also be contacted within business by telephone and/or email. BUPS will make reasonable efforts to resolve any problems or disputes in relation to the on-supply of electricity or gas.

**Dispute Resolution by BUPS – Senior Management**

Disputes in relation to the on-supply of electricity or gas can be escalated to the director of BUPS or other senior management of BUPS to help resolve the dispute.

**BUPS will also have a provision for dispute resolution by Independent mediators, if required.**

**Other Organisations that may assist with Dispute Resolution:**

**Office of Fair Trading (“OFT”):** The OFT may be accessed by customers who have a dispute with BUPS. The OFT can provide information and advice about the customers rights and responsibilities as a consumer or business.

**Residential Tenancies Authority “RTA”**

The RTA has a free, confidential dispute resolution service to assist tenants and owners, if applicable.

**Queensland Civil and Administrative Tribunal (“QCAT”)**

QCAT can be accessed by customers who have a dispute with BUPS. QCAT offers access to courts or voluntary dispute resolution services provided through the Department of Justice and Attorney General. QCAT make decisions in relation to consumer and trader disputes for amounts up to and including $25,000 arising out of a contract for the supply of goods or services.

BUPS dispute handling process will be detailed in the relevant Energy Sale Agreement or other agreements that relate to the on supply / sale of electricity or gas.

BUPS also has a Dispute Resolution Procedure document, attached hereto, that sets out its dispute resolution procedure and sets out an external dispute resolution option for customers to use.

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

The Queensland Energy Concession may be available to Queensland pensioners and seniors who are customers or occupiers of lots or apartments in the Building. These concessions may include:

1. The Electricity Rebate
2. The Reticulated Natural Gas Rebate

Eligible customers should lodge a completed Electricity Rebate and Reticulated Natural Gas Rebate Application Form with BUPS or follow other procedures as required to ensure eligibility for the relevant energy concessions.

The Home Energy Emergency Assistance Scheme is available for low-income households who have experienced a short-term financial crisis or unforeseen emergency that has limited their ability to pay their current electricity or reticulated natural gas bills.

Eligible customers seeking energy emergency assistance should lodge a completed Home Energy Emergency Assistance Scheme Application Form with BUPS.

The Queensland Government provides an electricity life support concession for eligible people who are seriously ill and use a home-based oxygen concentrator or kidney dialysis machine. Eligible customers should contact Smart Service Queensland to claim this concession.

The Medical Cooling and Heating Electricity Concession Scheme helps with electricity costs for people who have a chronic medical condition, such as multiple sclerosis, autonomic system dysfunction, significant burns or a severe inflammatory skin condition, which is aggravated by changes in temperature.  Eligible customers can contact Smart Service Queensland to claim this concession.

## 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?

Fittings and fixtures such as clothes dryers, dishwashers and televisions within the dwellings/premises, where possible, will be energy efficient to help reduce energy consumption.

The network will not incorporate solar or other generation options.

## Please provide any further information that you consider would assist us to assess your application.

# Appendix A: Further Information

## Embedded Network Personnel

BUPS has created a dedicated Embedded Network (the supply of electricity and gas) business which is supported by the use of various technology, metering devices and software supplied by Metering Dynamics (Energex) or other relevant manufacturer of relevant meters used within the Building to measure the supply of electricity or gas

## Other aspects to the Embedded Network Business

### Metering Dynamics

Metering Dynamics will be retained under contract by BUPS for the installation/maintenance of certain equipment and software for data metering of the Embedded Network (for the on supply of electricity and the on supply of metered gas to the Body Corporate).

## Sales Process

BUPS will manage process for the sale / on supply of electricity or on supply of gas within the building with its own personnel or with the assistance of a selling agent appointed by BUPS. Below is an outline of the sales process for the on-supply of electricity and/or gas:

#### Step 1

BUPS will notify all prospective customers of the embedded network installation for the supply of electricity and gas, with communications covering:

* a summary of the embedded network installation for the supply of electricity and gas and implications for the customer;
* customers rights (where the law allows) to select an authorised retailer of choice for the supply of electricity or gas, where and when applicable;
* details of who to contact regarding electricity or gas supply questions, disputes, faults or emergency;
* the conditions applicable to the individual exemption from AER relating to the supply of electricity or gas;
* the availability to customers of relevant rebates, co
* ncessions and relief schemes relating to the supply of electricity or gas;
* assistance available if the customer is unable to pay its bills for the supply of electricity or gas due to financial difficulty, as well as the process the customer should follow to seek these forms of assistance;
* the rates and all associated fees and charges that will apply to the exempt customers in relation to the on supply of electricity or gas;
* a copy of the relevant Energy Sale Agreement for electricity or the supply of gas, detailing applicable terms and conditions; and
* advice to the customer on invoicing and flexible payment options that are available, such as payment by periodic instalments.
* If prospective customers choose to select an authorisedretailer of electricity where permitted by law (other than BUPS) as their retail supplier they will receive two bills, one for energy usage charges from the retailer and an invoice from BUPS containing the regulated or relevant electricity network charges.

#### Step 2

#### Residential Customer

If the customer chooses BUPS as their electricity provider, an Energy Sale Agreement for the on supply of electricity as applicable will be executed by the relevant customer. If a customer is to be supplied gas on an unmetered basis to its cooker in the Lot / Apartment, the customer will enter into a Supply of Hot Water and Gas to Gas Cooktop Agreement.

#### Body Corporate as Customer

If the Body Corporate is to be supplied electricity, the Body Corporate will enter into a Electricity Supply Contract with the Body Corporate

If the Body Corporate is to be supplied gas on a metered basis, the Body Corporate will enter into Gas Supply Contract with the Body Corporate

## Power to choose others - Authorised Retailers

To the extent required by law BUPS will ensure that owners and/or occupiers of lots / apartments in the building that choose to select an authorised retailer as their electricity supplier will be charged the appropriate regulated or relevant electricity network charges.

Should owners and/or occupiers of lots/apartments in the Building choose to purchase electricity (where the relevant legislation allows this) from an authorised retailer, they will be requested to sign a letter of authority:

* Acknowledging that their premises are located inside an embedded electricity network and that they have chosen to purchase electricity from an authorised retailer; and
* Authorising BUPS, their nominated representatives, agents or contractors to receive the relevant meter data held under the name of the relevant owner/occupier for the purpose of calculating and recovering the regulated or relevant electricity network charges.

## No Disadvantage

BUPS will take reasonable steps to ensure owners and/or occupiers of lots / apartments are not disadvantaged by being within the embedded electricity network for the supply of electricity.

## Owner / Occupier Consent

BUPS proposes that by entering into an Energy Sale Agreement for electricity with a tenant, and by signing a consent form or by authorising BUPS and its authorised representatives to receive relevant meter data the owners and/or occupants are providing fully informed consent to join the relevant embedded electricity network.

The consent form will clearly indicate the owner and/or occupier is agreeing to participation in the relevant embedded electricity network.

The letter of authority will clearly indicate the owner and/or occupier is authorising that the energy usage data can be sent to BUPS and its authorised representatives.

If an owner or occupier does not sign the relevant Energy Sale Agreement or a letter of authority then BUPS will attempt to enter into an agreement with the owner or occupier’s retailer for the payment of network charges.

## Owner / Occupier Benefits from the embedded network

We anticipate that over 80% of the owners and occupiers of lots / apartments in the Building will initially choose to purchase their electricity from BUPS.

BUPS believes the vast majority of owners and occupiers of lots / apartments in the Building will benefit from the creation of the embedded electricity network due to favourable / discounted pricing (lower than the relevant electricity standing offer rates offered).

The owners and occupiers may also benefit from the on-site building management that looks after all their queries relating to usage of electricity and the billing of electricity usage.

The embedded electricity network will also facilitate the use of the building for short-term and holiday rentals.

## Billing Arrangements

Pending the receipt of the grant to BUPS by AER of the individual exemption applied for by BUPS, BUPS will defer billing its customers (the residential customers and the body corporate) for the on-supply of electricity or gas until the relevant exemption is granted. BUPS will subsequently bill those customers from the date of first supply their relevant charges for the supply of electricity or gas to them.

BUPS will, at the time of entering into relevant energy sale agreements with its customers, advise them in writing of the existence in the building of an embedded electricity network and embedded gas network.

BUPS will, at the time of entering into relevant energy sale agreements with its customers advise them in writing that BUPS will defer billing the customers for the on-supply of electricity or gas until BUPS is granted the relevant individual exemption by AER.

Following the grant of the individual exemption to BUPS, BUPS proposes to bill its customers either on a monthly or quarterly basis as it determines.

As at 30 October 2017.