



## Application to the AER for an Individual Exemption (Embedded Network)

### General Information Requirements

**1 Applicant's Legal Name:**

EN Project Company One Pty Ltd as trustee for En Project Trust One ("the Applicant")

**2 Trading Name (if applicable):**

Not Applicable

**3 ABN/ACN**

618 387 143

**4 Registered Postal Address:**

PO Box 2046 Milton Qld 4064

**5 Nominated Contact Person:**

Gregory Wong  
General Manager Commercial  
ReNu Energy Limited  
Level 1, 9 Gardner Close, Milton, QLD, 4064  
gregory.wong@renuenergy.com.au

**6 Reason for Individual Exemption:**

The Applicant's objective is to establish a more appropriate electricity supply arrangement for the Shopping Centre Owner and the Commercial Tenants that deliver significant savings over traditional individual electricity supply arrangements as well as provide the framework to facilitate further energy savings through using renewable generation and energy efficiency measures.

## 7 Address of the Site in the Application:



Picture 1: 2 Yambil Street, Griffith NSW 2680 ("Site Address")

Griffin Plaza is located 480km west of Sydney's CBD, situated in the heart of Griffith, NSW. Completed in 1997 with Coles which underwent refurbishment in 2014. Griffin Plaza is a single level neighbourhood shopping centre comprising of a 3,629 m<sup>2</sup> Coles supermarket, 1 mini major (718m<sup>2</sup>) and 2,836 m<sup>2</sup> of speciality retail space. The centre provides 304 car spaces on site.

## 8 The primary activity of your business

The primary activity of the Applicant is electricity generation.

## 9 The form of energy for which you are seeking the individual exemption

The Applicant will source electricity from AGL Limited following the establishment of the market meter or parent meter via a direct connection to the existing Essential Energy Network and the creation and the registration of a new National Meter Identifier.

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

It is the objective of the Applicant to establish a more appropriate electricity supply arrangement to the site that is more reflective of the true cost of supply to the site and deliver significantly lower electricity charges for the commercial tenants than otherwise achievable through any traditional electricity retail arrangement.

Previous to this arrangement, individual retailers (and the local network company) are using privately owned infrastructure to supply energy to each individual Commercial Tenant.

## **11 The date of which you intend to commence selling of utility**

The Applicant plans to physically convert the facility on or around the start of July 2017 depending on the receipt of the necessary regulatory approvals.

## **12 Mailing address for premises at the site**

The AER may use this information to ensure that potential customers are able to participate in their consultation process) PO Box 2046 Milton QLD 4064

## **13 Details of any experience in selling energy:**

The executives of the Applicant have had extensive experience in generating electricity. The previous business being the developer of geothermal electricity generation. More recently, the Applicant is due to commission a 1.6MW Biogas project in Goulburn and a 1MW Biogas project in Queensland.

## **14 Do 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:**

The Applicant currently holds two exemptions in its subsidiary companies as detailed below:

Quantum Power Pty Ltd retail exemption

<https://www.aer.gov.au/retail-markets/retail-exemptions/public-register-of-retail-exemptions/quantum-power-pty-ltd-retail-exemption>

GDY Solar Pty Ltd retail exemption

<https://www.aer.gov.au/retail-markets/retail-exemptions/public-register-of-retail-exemptions/gdy-solar-pty-ltd-retail-exemption>

## **15 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).**

A condition of the licence agreement that grants permission to the Applicant to install and operate the embedded network at site address is that a bank guarantee that is held with the Shopping Centre Owner. In the unlikely event that the Applicant is no longer able to sell electricity, the bank guarantees can be used to fund the “unbundling” of the embedded network (as a last resort) and create individual NMs for each Commercial Tenant.

This requires no physical work and could be established at relatively low cost for each commercial tenant. The following portal would be used to (<https://essentialconnect.essentialenergy.com.au/necf/connection-application/home.jsf>) to make an application to Essential Energy for to the existing network being the decommissioning of the parent meter and the registration of the child meters.

Alternatively, other bodies could be negotiated with to take over the embedded network.

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

- 1 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 customers are Commercial Tenants in a shopping centre precinct that have retail tenancy agreements with the owner of the Shopping Centre.

- 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.**

The only relationship that the Applicant will have with the customer is the sale of electricity.

- 3 What is the total number of customers 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).**

There are thirty one (31) commercial retail customers, which twenty nine (29) are deemed to be small retail customers and two (2) large electricity retail customer.

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

The Applicant will be on selling energy only that is purchased from an AGL Limited and augmenting grid supply with on site solar.

- 5 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)?**

The estimated aggregate consumption for the total site is approximately 1,500 MWh per annum. The usage is broken into 400 MWh for the common area and 1,100 MWh for the total of all commercial tenants.

- 6 Will your customers be wholly contained within a site owned, controlled or operated by you?**

All commercial tenants reside within the boundaries of the property that forms the Shopping Centre that the Applicant controls.

**7 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.**

All Commercial Tenants are currently and will continue to be separately metered post the installation of the embedded network at the site address.

**8 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)?**

The existing metering arrangement is that all meters are basic accumulation type meters that are owned and manually read by Essential Energy. As part of the conversion, the existing meters will be returned to Essential Energy and new EDM1 Mk10 three phase meters will be installed at each Commercial Tenant's premises.

These meters that are to be installed are compliant with the National Measurement Act 1960 (Cth), and are considered 'billing class' or NEM/market compliant. These meters installed will be remotely read. The infrastructure at site allows customers to change retailers through a meter change.

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

All meters currently comply with the National Measurement Act and comply with the following standards:

For any meter that requires replacement in the future, the Applicant will ensure the meter used will comply with the requirements of the National Measurement Act and relevant Australian Standards at that time.

These meters will be read every month.

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

All commercial tenants have individual meters at this site. If any meter fail (and or require replacement) or there are difficulties in reading the meters, accounts to Commercial Tenants will be issued in accordance with the estimation requirements under NERR.

The Applicant will also assure that the Accredited Metering Agent will not allow the estimation of any account on two consecutive occasions unless access is withheld from any Commercial Tenant.

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

The Applicant will issue bills through a Billing Agent which will be issued on a monthly intervals.

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

The dispute resolution process will be managed by the Billing Agent and will be in accordance with AER requirements as set out under the relevant condition. The Billing Agent would normally be the first point of call for any dispute and where possible they will work with the customer to resolve the dispute internally.

Where a dispute cannot be resolved, provision exists for dispute resolution by independent mediators.



The Billing Agent provides flexible payment options, applies rebates to applicable customers, and facilitates access to hardship arrangements.

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

Not Applicable, due to the fact that there are no residential customers within the proposed embedded network.

**14 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?**

The Applicant has received approval from Essential Energy to install a 360kW commercial solar PV system as a form of renewable generation for sustainability purposes. In addition to this, the Applicant will install power factor correction for reduction in kVa charges at the parent meter level which will provide a benefit to Commercial Tenants within the embedded network.

**15 Please provide any further information that you consider would assist us to assess your application**

As previously mentioned the primary purpose for the Applicant in creating the embedded network was to deliver significantly lower electricity cost to all Commercial Tenants and Shopping Centre Owner in the shopping centre precinct.

The Applicant requests the AER consider the following when evaluating this application for an individual exemption:

**15.1 Disclosure to tenants**

The Applicant has formulated a Welcome Pack to Commercial Tenants that includes an education program that have fully disclosed information as required in the Retail Exempt Selling Guideline.

**15.2 High acceptance by tenants**

Through the education and marketing phase, the Applicant has obtained explicit informed consent from the vast majority of tenants at the Griffin Plaza. As of the date of this submission, 85% of the Commercial Tenants have provided such consent and the Applicant is continuing efforts to obtain explicit informed consent for the remaining tenants.

**15.3 Mitigation of detriment – retail contestability and competitive offers:**

The Applicant is providing the Commercial Tenants and Shopping Centre Owner a source of renewable energy at a rate that is approximately 10% less expensive than what they can be obtained from the market. This compares favourably due to the fact that renewable energy normally is levied on Commercial Tenants with either a significant upfront capital cost or charged per kWh at a premium to the grid kWh price. Therefore, each Commercial Tenant will be charged c/kWh rates that are approximately 10% below that of the current electricity grid prices and all network charges will be pass through.

This clearly demonstrates the benefit delivered to the customers of the embedded network the creation of the embedded network and the environmental benefit of consuming approximately 50% of their energy from renewable sources.

The embedded network that is proposed to be established will be operated by the Applicant under the current rules in AER in order to provide the greatest benefit to the Commercial Tenant in terms of price while maintaining each Commercial Tenants freedom of choice.

The Applicant will maintain retail contestability which enables Commercial Tenants with the ability to seek competitive offers in the electricity market. Each customer will be provided savings of approximately 10% compared to what they can obtain elsewhere.

Deregulation in the minds of many people is all about improving competition and delivering lower electricity prices. The complete opposite has happened in Australian Electricity Market with deregulation effectively pushing up electricity prices. There may be competition within these markets but most consumers have still seen net increases in the cost of electricity. The Applicant views the unique nature of embedded networks as an opportunity to deliver significantly lower electricity prices.

For any future Commercial Tenant who wishes to adopt a retail offer from a Authorised Electricity Retailer, the Commercial Tenant may transfer to that Authorised Electricity Retailer and the Applicant will negotiate with that Authorised Electricity Retailer for the supply of network charges for a rate no greater than the AER regulated cost of distribution.

#### 15.4 Mitigation of detriment - customer dispute resolution process

The Applicant will manage a Customer Dispute Resolution framework which will be published on the Applicant's website. The Dispute Resolution Framework will be managed by our Accredited Billing Agent and will be in accordance with AER requirements as set out under the relevant condition.

The Accredited Billing Agent would normally be the first point of call for any dispute and where possible they will work with the customer to resolve the dispute internally. Where a dispute cannot be resolved, provision exists for dispute resolution by independent mediators. The Accredited Billing Agent will also provides flexible payment options, applies rebates to applicable customers, and facilitates access to hardship arrangements for small customers.

#### 15.5 Mitigation of detriment - state or territory legislation

The Applicant has ensured that each "child" NMI is capable of purchasing electricity from an Authorised Electricity Retailer, the Applicant considers that the Commercial Tenants encounter no detriment in state legislation that needs to be mitigated.

#### 15.6 Efforts to obtain explicit informed consent and the Consultation Process

The Applicant began the process of converting to an embedded network in early 2017. A consultative approach was undertaken by the Applicant, Manager and the Shopping Centre Owner.

The Applicant has provided information to the Commercial Tenants that they intend to operate the business model of the supply of electricity to Shopping Centres from Solar PV within an embedded networks which is connected to the grid that is operated and installed by the Applicant under a Build Own Operate Maintain (BOOM) model.

A number of documents were produced to provided to the Commercial Tenants which included the following:

- a. Information Letter on what the impact of the establishment of the embedded network is;
- b. Questions and Answers document; and
- c. Letter of Informed Consent signed by the Commercial Tenant.

## Brownfield Sites

### **1 You have advised tenants /customers that you are planning to retrofit the site as an embedded network.**

The Letter of Informed Consent signed by the Commercial Tenants includes the following confirmations:

- a. The Commercial Tenant has been provided with advice that a public consultation will take place and that consultation will be published on the Australian Energy Website ([www.aer.com.au](http://www.aer.com.au)) and the Commercial Tenant will have 20 business days to respond;
- b. The Commercial Tenant has been advised of the differences between being a standard retail customer connected to the national electricity grid and being a customer of the embedded network;
- c. The Commercial Tenant has been advised that once the embedded network is established that the Applicant will provide a retail offer for their consideration. However, the Commercial Tenant is under no obligation to accept or take up the retail offering; and
- d. That you have provided your informed consent to the establishment of an embedded network.

Information to be provided from the information booth sponsored by the Shopping Centre Owner, which includes:

- a. T&Cs (original) – terms and conditions for the supply of electricity within an embedded network; and
- b. Customer Transfer Form - form that a customer would sign to accept electricity supply within the embedded network.

### **2 You have informed tenants / customers that the AER consults on individual exemption applications and provided them with information about how to make a submission to the AER's consultation process (this information can be found on the AER website (<https://www.aer.gov.au/retail-markets/retail-exemptions/making-a-submission-to-anindividual-retail-exemption-application>)).**

The Applicant will advise all Commercial Tenants via letter, when the application is published for consultation and when the consultation period ends.

The Applicant has been approved by the Shopping Centre Owner to occupy information booths within the Shopping Centre to be readily available to Commercial Tenants in order to answer any question from sign up forms, process and rates.

### **3 You must include a copy of the advice you gave tenants / customers about the proposed retrofit in your application. This advice must include details about how the conversion will affect the tenants' / customers' ability to access a retailer of choice. We may also require you to provide evidence of tenants' / customers' explicit informed consent to the proposed retrofit.**

The documents listed below have been included with the application and the information provided for reference.

- a. Information Document – More informative document than the Energy Flyer on the Embedded Network (Appendix A); and
- b. Explicit Informed Consent - Letter signed by the customer acknowledging that they have received the above documents and provided their consent (Appendix B).