

28 October 2008

Mr Paul Dunn
Director, Network Regulation South Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By Email

Dear Paul

GPT Application for Exemption from the Requirement to Register as a Network Service Provider

1. Introduction

We act for GPT Funds Management Limited (**GPT**).

We are seeking, on behalf of GPT, an exemption under clause 2.5.1(d) of the National Electricity Rules (the **Rules**) from the requirement to register with NEMMCO as a Network Service Provider (**NSP**) in connection with the arrangements described in section 2 of this letter.

'Office buildings' is a class of network owner or operator covered by the general exemptions granted by the AER under clause 9 of the 'Guidelines for exemption from the requirement to register as a network service provider' (the **Guidelines**) which are issued under clause 2.5.1(e) of the Rules. GPT currently relies on this class of exemption in relation to the on-sale of electricity to its tenants in its commercial office building at 123 Eagle Street, Brisbane (the **Riverside Centre**).

However, this application for a specific exemption relates to circumstances whereby GPT has been asked to use its existing infrastructure to provide temporary construction power supply to an adjacent building site.

We have addressed each of the principles set out in the Guidelines in section 3 of this letter.

2. Background

This application relates to a request from Leighton Contractors Pty Ltd (**Leightons**) for GPT to provide a temporary construction power supply from the Riverside Centre to an adjacent building site, 111 Eagle Street (the **Site**) at which Leightons is constructing a new commercial office building.

GPT has had in place for some time now various electricity on-supply arrangements with its tenants in the Riverside Centre and is amenable to Leightons request for the following reasons:

Our Ref JAGB:VZHB:406089227

vzhb A0111277946v3 406089227 28.10.2008

ABN 47 702 595 758

Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Australia

Tel 61 7 3334 3000
Fax 61 7 3334 3444

Correspondence
PO Box 7082
Riverside Centre
Brisbane QLD 4001
Australia
DX 210 Brisbane

www.aar.com.au

Bangkok
Beijing
Brisbane
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Melbourne
Perth
Phnom Penh
Port Moresby
Shanghai
Singapore
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- the Riverside Centre has the spare capacity and the Site can be connected relatively easily;
- the supply, being for the purposes of construction, is temporary in nature and will cease when Leightons complete the works or when a permanent power supply is made available to the Site; and
- the supply will avoid the use of diesel powered generation for the Site which is, without doubt, a more desirable environmental outcome.

3. Principles for Exemption

Clause 6 of the Guidelines provides that a number of principles will be applied to assess an application. We have addressed each of those principals here:

(a) Extent of network

Whilst the network is not wholly contained within the Riverside Centre the majority of it is contained within the premises and under the control of GPT. GPT also envisages obtaining a contractual licence from the owner of the Site to allow GPT to occupy the parts of the Site as necessary to provide the on-supply services.

(b) Incidental to the applicant's business

The provision of the network and the supply of electricity to Leightons is incidental to GPT's main business of funds management with the Riverside Centre being part of its diverse property investments.

(c) Standards/regulatory controls

The technical standards for the electrical installation which apply to the Riverside Centre are set out in the *Electricity Act 1994* (Qld) (the **Act**) and the *Electricity Regulation 2006* (the **Regulation**). We understand from our client that the network currently meets these standards.

(d) Access to NEM

Leighton's access to the National Electricity Market will not be restricted for the following reasons:

- GPT is responding in good faith to Leighton's request for supply;
- this is a short-term arrangement; and
- the proposed on-sale agreement (the **Agreement**) provides for a limited term and Leightons have the right to terminate the contract by notice to GPT.

(e) **Network Charges**

Due to the temporary nature of the supply GPT is not proposing to charge separately for the internal network. However, it will charge a connection fee to cover the reasonable costs of connection.

(f) **Energy Charges**

The on-suppliers exemption provisions under the Act set out the maximum amount that may be charged to a recipient under an on-selling regime. Under the proposed Agreement GPT will charge at Tariff 20 which complies with the Act.

(g) **Dispute Resolution**

It is proposed that the Agreement, which will set out the basis on which electricity is supplied by GPT to Leightons, will include a clause providing a mechanism for the resolution of any disputes.

(h) **Jurisdictional Exemption**

It is GPT's intention to rely on section 20A of the Act ('Exemptions for on-suppliers') which provides an exemption from sections 88A and 89 of the Act for electricity on-suppliers. The terms of the proposed Agreement are consistent with this approach. We note that whilst on-suppliers must comply with the exemption provisions no formal application is required.

We note that the AER is required by Rule 2.5.1(f) to consult with the Jurisdictional Regulator. For those purposes we are providing a copy of this application to the Queensland Regulator for its review ahead of that consultation.

4. **Other Information For Consideration**

Clause 11 of the Guidelines also requires other information which is set out below:

(a) **Exemptions from other codes or regulations**

No other specific exemptions have been sought by GPT.

(b) **Nature of exemption sought**

GPT is seeking an exemption from the requirement to register as an NSP not merely an exemption from chapter 5 of the Rules. However, we understand that if GPT is successful in gaining the registration exemption chapter 5 will not apply in any event.

(c) **The network to be exempted**

A diagram showing in broad terms the scope of the network is attached for your information.

(d) **Discussions between the applicant and the NSP to which the relevant network will be connected**

The network has been connected to Energex's distribution system for some years. GPT continues to liaise with Energex about the connection as required.

(e) Arrangements for setting network charges for parties using the network

Please refer to clause 3(e) above.

(f) What arrangements are proposed for energy charges?

Please refer to clause 3(f) above.

5. Timeframe

Leightons have requested that the temporary construction power supply be made available as soon as possible as this will alleviate the need to rely on diesel fuel and minimise delays to the construction programming. Please do not hesitate to contact us if you require additional information to expedite your consideration of GPT's application.

Yours sincerely



John Greig
Partner
John.Greig@aar.com.au
Tel 61 7 3334 3358

Virginia Hunter
Lawyer
Virginia.Hunter@aar.com.au
Tel 61 7 3334 3216

Copy To Mr Ian Chapman
Queensland Department of Mines and Energy