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ADELAIDE S.A.

ACN : 143 143 908

Date: 7th January, 2013

Naomi Feast,
Assistant Director,
Australian Energy Regulator,
GPO Box 520
Melbourne, Vic 3001

Dear Naomi,

Application for Individual Exemption for the property at 77 Grenfell Street, Adelaide

Thank you for your guidance and assistance in the preparation of this new application for an Individual Exemption to cover the electricity inset network re-selling of electricity at the 77 Grenfell Street property.

In accordance with these requirements, please find detailed below, the information requested as set out in Appendix C: Information required for individual exemption as contained in the draft AER (Retail) Exempt Selling Guideline, November 2012.

General Particulars;

Energy Metering Services (77 Grenfell Street, Adelaide) Network Exemption

1. Energy Metering Services Pty Ltd
2. ABN 32 143 143 908
3. Energy Metering Services Pty Ltd ATF The Sagoscown Trust
4. Registered Address; Suite 406, 38 Gawler Place, Adelaide SA 5000
5. Contact person; Gordon Scown (Principal) Mob; 0402 818 971
6. **Individual Exemption;**
 - Energy Metering Services is not a retailer.
 - Energy Metering Services has previously registered for an AER registerable exemption (refer AER Reference AER-Non 23/12) in December 2011
 - The property was purchased by an overseas company on the 29th December 2011, which by their trust deeds, are limited in their ability to manage electricity purchase and distribution.
 - The electricity distribution within the building was designed and installed as an inset network. The inset network electricity billing has been in place at this property during previous property ownerships.

- EMS was requested to assist by purchasing the electricity for the property. The current agreement in place covers 2013 with a right of renewal for a further year.
 - The core business of EMS is assisting property owners in the on-selling of electricity for the property. The only other electricity purchased by EMS is for their own use in their small tenancy (within an inset network).
7. The property under consideration is 77 Grenfell Street Adelaide.
 - a. It is a multi-storey building with 20 tenanted levels (including ground and basement)
 - b. The Principal tenant is the South Australian Government Department of Transport (ground to level 18).
 - c. The Building was designed for commercial office space. There are no plans to change its current use.
 8. The activities undertaken by EMS are ;
 - a. Purchase of electricity from a registered retailer (AGL), through a term contract. Current contract will need to be renewed in December 2013.
 - b. Prepares tenant electricity charges for each tenancy according to specific meter readings for each tenancy area.
 - c. Generate the cost of electricity common for the building. This is electricity consumed within the building that covers common electricity usage for tenants. This includes mechanical services, lifts, stairwells foyer & washroom facilities and internal line losses. These charges are calculated at cost and allocated by the property management group according to their lease contract.
 - d. Provide this information to the property management group, CBRE, who bill tenants for these respective costs.
 9. The property at 77 Grenfell Street is directly connected to the National Electricity Grid.
 10. The current electricity supply within the building is by way of an embedded network. Whilst it is the only viable supply to tenants within the network, the owner or landlord of the network may revert to another retailer or on-seller in the future.
 11. Electricity billed to tenants within the property to my knowledge, has always been billed through the property inset network. The current arrangement commenced on 29th December, 2011 as a result of a change in property ownership.
 12. The Mailing addresses for tenants at this property are as follows
 - a. **LN Alliance (Lucky 7)**
 Tenancy 1,
 Ground Floor
 77 Grenfell Street
 Adelaide SA 5000
 - b. **Perfect Cup**
 Kiranjit & Harmesh Singh
 Ground Floor
 77 Grenfell Street
 Adelaide SA 5000
 - c. **Austereo**
 PO Box 404
 Unley SA 5061
 - d. **Minister for Infrastructure**
 T/As Department of Transport
 C/- BMAPS
 GPO Box 967
 Adelaide SA 5001
 - e. **Rural Bank**
 Level 1
 27 Currie Street

ADELAIDE SA 5000

13. Our experience in selling electricity is in the provision of a service to the property manager and the landlords within the inset network regulations with South Australia and Queensland. This includes consultancy and advisory service to property groups, landlords and tenants.
14. Energy Metering Services currently has an existing registered exemption with the AER. The exemption covers part A, B and C for 77 Grenfell Street for class NRI and NRS. The AER Reference is AER-N 0023/12 and a copy is attached.

Particulars relating to the nature and scope of the proposed operation;

1. Tenant within the property;
 - a. The tenants within the building are not my tenants
 - b. All the tenancies are commercial tenants.
2. Additional services provided are;
 - a. Calculating the cost of common electricity consumed within the building
 - b. Consultancy services on electricity distribution and metering matters.
 - c. Contract negotiations for the purchase of electricity for the property.
3. There is only one building on the property at 77 Grenfell Street.
4. We will be on-selling electricity purchased from an authorised retailer (AGL)
5. The purchase contract with AGL is for this one site only and this current contract extends to December 2013.
6. The estimated power consumed at the property for the period Jan 2012 to Nov 2012 is 2,133,000 KWH. Electricity billed direct to tenancies for the same period has been 1,150,300 KWH.
7. All customers are contained wholly within this site and the property is managed by CBRE.
8. Each tenancy is separately metered.
9. Basic accumulation meters were installed at the time the building was constructed. The meters are manually read each month. For a customer to purchase electricity from a retailer of their choice, the retailer would require their own meter to be installed, together with additional switching and lock-off infrastructure to comply with SA Power Network requirements. This would then allow the set-up of a 'Parent/Child' NMI metering set-up.
10. Exact details are not known. All metering was installed as part of the building construction and metering met the accuracy standards applicable at that time.
11. N/A
12. N/A
13. Tenants are billed on a monthly basis as part of the monthly accounts for other charges through the property managers CBRE. An advice notice is issued which provides the details of the individual electricity elements charged.
14. The standard Disputes Resolutions procedures applied within the CBRE management group are in place for 77 Grenfell St.
15. There are no energy rebate systems in place for tenants. The large tenant enjoys the same contract energy rates as is negotiated for the building together with the published network charges. Rates for small tenants are the default tariffs now published by AGL under the recent agreement between AGL and the S.A. Government. AGL is the major retailer for small customers in South Australia.
16. Energy efficiency within the tenant areas has already been addressed and actions taken to achieve a 4.5 star building rating. The property is also a signatory to the 'City Switch' program which also addresses building energy efficiency. Solar or other generation options are not currently being considered, as the other efficiency options being undertaken provide benefits for all stakeholders.

17. I would summarise in saying that the arrangement for electricity management at this property has been implemented to meet the specific circumstances of the basic building design, together with the special circumstances pertaining to the new property owner. Energy Metering Services are therefore providing a service to meet the specific circumstances encountered to ensure correctly billed and metered electricity for the incumbent tenants.

If there is any further information or clarification that you require to consider this application, I would be pleased to discuss further with you.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Gordon Scown', written in a cursive style.

Gordon Scown
Principal
Energy Metering Services Pty Ltd