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16th May, 2019

Ms. Angela Bourke
General Manager, Consumer & Markets
Australian Energy Regulator
GPO Box 520
Melbourne, VIC, 3001

Dear Ms Bourke,

Ref: SAS Trustee Corporation – Tweed City application for an individual exemption - request for submissions

Kmart Australia Ltd (Kmart) welcomes the opportunity to make a submission to the above application from SAS Trustee Corporation (SAS Trustee). We would like to draw the AER's attention to the following concerns in Kmart becoming part of the embedded network.

1. Being part of the embedded network (child) can create issues relating to: double billing with retailers, billing errors and overcharges on network tariff and demand charges. This creates an administrative burden and requires additional work to rectify mistakes.
2. Distributors, as part of their network reviews, implement processes to assign customers to their most appropriate tariff or provide one-off demand resets based on the customers load and consumption characteristics. These benefits are lost to customers within the embedded network as there is no requirement for the landlord to follow the distribution processes, or they are simply unaware of these one-off activities.
3. Notifications of tariff changes are not always received for child NMs, or not visible within a bundled tariff rate. Obsolete tariffs and incorrect demand values continue to get applied.
4. Opportunities for Kmart to participate in demand management initiatives with Distributors, such as our involvement in the ARENA demand response program, will be lost to customers on an embedded network. All rebates or allowances from these activities will be lost as a result.

Kmart would like to make it known to the AER and to SAS Trustee that we do not consent to becoming part of the embedded network. Our preference as per point 36 is to be wired out of the network and, as this can come at considerable cost, we ask for further details to be provided as per Essential Energy's response on the matter.

Point 36 states, "Sought advice from the distributor about whether non-consenting customers can be wired out of the embedded network"

In relation to point 20, SAS Trustee estimates the energy consumption of its shopping centre to be at 4,663 MWh. The Kmart meter data shows the consumption of our store alone is 985 MWh and there exists a Coles store at the centre with approx. 1,866 MWh. In addition, there is a Woolworths store at the centre as well

which should be similar to Coles size, this leaves us with considerable concern that due process has not been followed for point 37, and that this can result in financial loss to Kmart.

Point 37 states, "Taken steps to ensure that customers who wish to remain with their retailer, but cannot be wired out, will not be financially disadvantaged by the retrofit."

Kmart asks that Appendices H be made available for our review as they directly affect our concerns.

We also urge the AER to not waive the requirement of obtaining the written consent of every existing market connected tenant before an exemption is granted to SAS Trustee's application for individual exemption at Tweed City.

Yours sincerely,



Chris Foley
National Energy & Environment Manager
Kmart Group