



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

27 October 2011  
81694650  
By post and email

Dear Mr Dunn

**Barangaroo South - Application for exemption from requirement to register as a Network Service Provider**

Further to our meeting on 19 August 2011 and subsequent discussions, Lend Lease (Millers Point) Pty Ltd (**Applicant**) requests an exemption, in accordance with section 13 of the National Electricity Law (**NEL**) and section 2.5.1(d) of the National Electricity Rules (**NER**), from:

1. the requirement to register as a Network Service Provider under section 11 of the National Electricity Law (**NEL**) and section 2.5.1(a) of the National Electricity Rules (**NER**); and
2. the operation of Chapter 5 of the NER,

in respect of the proposed electricity distribution network to service the Barangaroo South development in Sydney (**Barangaroo Network**).

**Background**

We set out below relevant details of the proposed Barangaroo Network:

- The Barangaroo Network will be configured into two closed ring mains each at 33kV. Substations will be established within the Barangaroo South precinct and will be connected to HV Control Points and configured in an N-1 level of redundancy. The Applicant will own and maintain this HV infrastructure including substations, control rooms, pit and duct and cabling.
- The Barangaroo Network will connect to Ausgrid's surrounding network via three or four 33kV feeders from the Pymont Zone Substation.
- Electricity generated at the Barangaroo South precinct through on-site solar and cogeneration facilities will be distributed to the commercial, retail, hotel and residential buildings to be constructed by the Applicant in the Barangaroo South precinct.
- The Applicant intends to comply with all of the conditions to the exemption set out in the AER's draft Electricity Network Service Provider Registration Exemption Guideline of October 2011 (**Draft Guideline**), including:
  - the provision of adequate metering at each customer connection; and
  - determining relevant distribution loss factors in accordance with the NER and in consultation with Ausgrid.

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### **Guidelines**

We refer to the principles set out in section 6 of the 'Guidelines for exemption from the requirement to register as a network service provider' adopted by the AER (**Guidelines**), Taking each in turn:

#### **The relevant network should be wholly contained within premises owned or controlled by the applicant**

The Applicant presently has the exclusive right and obligation to develop the Barangaroo South precinct pursuant to a project development agreement with the Barangaroo Delivery Authority (BDA).

#### **The provision of the network, and any supply of electricity to other parties, must be incidental to the business of the applicant**

The provision of the network and any supply of electricity to other parties within the Barangaroo South precinct is incidental to the Applicant's business of developing the Barangaroo South precinct.

#### **Standards or other regulatory controls should be in place in respect of the relevant network**

Regulatory controls and standards will be imposed on the Barangaroo Network by the *Electricity Supply Act 1995* (NSW) and the *Electricity (Consumer Safety) Act 2004* (NSW).

The Applicant is also in discussions with Ausgrid, which operates the distribution network adjacent to the Barangaroo South precinct, regarding compliance with NER requirements in relation to connection, metering, safety and relevant Ausgrid policies.

#### **The granting of the exemption should not unduly limit access of parties to the national electricity market contrary to the market objectives**

The grant of an exemption will not limit access of parties to the national electricity market. Commercial, retail and residential end users at Barangaroo South will be able to obtain electricity supply through licensed electricity retailers.

The construction of the Barangaroo Network also facilitates access for on-site embedded generation.

#### **The proposed charging regimes governing the NSP's network should balance the needs of the network provider and end user**

The premise of the proposed network charging regimes applying at the Barangaroo Network is as follows:

- Arrangements will be established such that all electricity retailers selling electricity to on-site low voltage end users will charge those end users on the basis of the relevant annually published Ausgrid low voltage network tariff.
- From the collected network tariff charges Ausgrid will be paid its relevant share of the collected network tariff charges (based upon the applicable published high voltage network tariff or other such tariff as approved by AER); and
- The Barangaroo Network will be paid its relevant share of the collected network tariff charges as the return for its capital and operation expenditure.

For clarity, each end user will be charged a network tariff no greater than the network tariff that would have applied had that end user been connected to Ausgrid as the local NEM registered distribution company.

**An appropriate mechanism must exist for the setting of energy charges if users of the network cannot access retailers**

As mentioned above, the Applicant intends to facilitate access to licensed retailers for end users supplied via the Barangaroo Network.

**End users should have appropriate recourse in the event of disputes, for example to the dispute resolution arrangements contained in chapter 8 of the Code / NER**

The Applicant proposes to incorporate an appropriate dispute resolution procedure in the event of any dispute arising with Barangaroo South end users – for example, the ability of an end user to apply to the NSW Electricity Industry Ombudsman for a review of a decision by the Applicant relating to the Barangaroo Network.

**The applicant should have obtained, or have applied for exemption from relevant jurisdictional requirements**

The Applicant is automatically entitled to exemption from the requirement to register as a Distribution Network Service Provider under clause 66 of the Electricity (General) Supply Regulation 2001 (NSW). We set out below the information to be provided under section 11 of the Guidelines.

**Whether the applicant is seeking (or has received) exemptions from other codes or regulations governing the ownership or operation of networks, including details of those exemptions or applications for exemption**

As noted above, the applicant is automatically entitled to exemption from the requirement to register as a Distribution Network Service Provider under clause 66 of the Electricity (General) Supply Regulation 2001 (NSW).

**Whether the applicant is seeking exemption from the requirement to register as a Network Service Provider or just from the application of Chapter 5 (and the requirement to provide an access undertaking)**

The Applicant seeks exemption from the requirement to register as a Network Service Provider.

**The precise network to be subject to the exemption, including circuit diagrams if necessary**

The precise network to be subject to the exemption, as currently proposed, is set out in attachment A to this exemption application.

**What discussions have taken place between the applicant and the NSP to which the relevant network will be connected**

The Applicant has undertaken preliminary discussions with Ausgrid in relation to the connection of the Barangaroo Network to the Ausgrid network. Ausgrid has indicated that it does not object to the construction and operation of a private 33kV high voltage connection (HVC) connection option, incorporating embedded generation, provided the NER exemptions are obtained and relevant legislative requirements are observed. The Applicant is presently preparing an Application to Connect in respect of the Barangaroo Network.

**What arrangements are proposed for energy charges**

It is proposed each end user will be charged a network tariff no greater than the regulated network tariff that would have applied had that end user been connected to Ausgrid as the local NEM registered distribution company



**Further information**

As set out above, the Applicant presently intends to procure, construct and own the Barangaroo Network and accordingly requires exemption from the requirement to register as an NSP. Should the Applicant later enter into a contract with a separate entity to operate and maintain the Barangaroo Network, the question of that entity's exemptions status will be addressed considering the Guidelines as they then apply and any further requirements of the AER.

If you require further information regarding this application for exemption, please contact Joe Van Belleghem on 02 9237 5536 in the first instance.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew Wilson", with a long horizontal flourish extending to the right.

Andrew Wilson  
Managing Director  
Lend Lease (Millers Point) Pty Limited

PROPOSED COGEN/STANDBY ELECTRICAL SCHEMATIC  
 BASE BUILDING GREEN PREMIUM BRIEF



