

## Individual Retail Exemption Application for Macarthur Square Shopping Centre (retrofit)

### General information

- 1 Your legal name. If you are a body corporate or community corporation, please indicate this.

Lend Lease Property Management (Australia) Pty Limited

- 2 Your trading name if different to your legal name.

Macarthur Square Shopping Centre

- 3 Australian Business Number (ABN) or Australian Company Number (ACN).

61 002 894 153

- 4 Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.

Level 14, Tower Three, International Towers, Sydney, Exchange Place, 300 Barangaroo Avenue  
Barangaroo, NSW 2000

- 5 Nominated contact person, including their position in the organisation and contact details.

Nathan Dallas  
Regional Operations Manager VIC/NSW  
Lend Lease Property Management  
340 Craigieburn Road, Craigieburn VIC 3064 Australia  
0439 387 079  
nathan.dallas@lendlease.com

- 6 Why you are seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances.

Lendlease are seeking an individual exemption as the exemption sought only relates to a single site (Macarthur Square brownfield section) and that electricity onselling is incidental to Lendlease's core business of leasing of private retail space.

- 7 The address of the site at which you intend to sell energy, including a map of the site and a brief description of this site and its current and future use/s.

The address of the site is 200 Gilchrist Drive, Campbelltown, NSW 2560 Australia.



Macarthur Square Shopping Centre is a shopping centre that was opened in 1979. This individual exemption is sought for the brownfield sections of the shopping centre where Lendlease plan on retrofitting an embedded network. There is a greenfield expansion of site that will add 52 greenfield tenancies – this expansion is due to be completed in January 2017. A 700Kw solar array is proposed to support the energy requirements of the tenants that are members of the embedded networks. There are no further development plans.

8 The primary activity of your business (for example, managing a shopping centre).

Lendlease's primary activity is leasing of privately owned retail space.

9 The form of energy for which you are seeking the individual exemption (electricity or gas). For electricity, please state whether the network you propose to sell is directly or indirectly connected to the main grid or is (or will be) an off-grid network.

Lendlease are seeking an individual exemption for the sale of electricity that on a private network that is directly connected to the main grid.

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

No.

11 The date from which you intend to commence selling energy.

Lendlease intend to commence selling energy on the brownfield section in Q1 2017, which is predicated on receipt of the appropriate individual exemptions from the AER.

12 Mailing addresses for premises at the site (where applicable). We may use this information to ensure that potential customers are able to participate in our consultation process.

200 Gilchrist Drive, Campbelltown, NSW 2560 Australia

13 Details of any experience in selling energy, for example: date/s and location/s of previous operations, forms of energy sold, scale of operations (that is, the number, size and type of customers), and explanation of which activities will be conducted in-house and which will be contracted out to third parties

Lendlease currently own four embedded networks in the NEM – listing below:

Site	State	Energy sold	Tenants	Type of customer
Craigieburn Central Shopping Centre	VIC	Electricity	130	Small retail
Cairns Central Shopping Centre	QLD	Electricity	180	Small retail
Caneland Central Shopping Centre	QLD	Electricity	240	Small retail
Sunshine Plaza Shopping Centre	QLD	Electricity	220	Small retail

For Macarthur Square Shopping Centre, Lendlease will outsource the implementation, billing and management of the embedded network to experienced third parties.

14 Whether 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.

Lendlease have been granted retail exemptions for Cairns Central Shopping Centre, Caneland Central Shopping Centre and Sunshine Plaza Shopping Centre.

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).

In the event that Lendlease will not be able to continue selling energy at Macarthur Square Shopping Centre, the infrastructure allows market metering to be easily installed to facilitate the end user's ability to accept offers from an authorised retailer.

### 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?

Yes the customers will be Lendlease's tenants at Macarthur Square Shopping Centre, and will be commercial/retail.

- 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.

Lendlease primarily relation with end users/tenants is the provision of retail leasing space, which are provided under a lease signed between the tenant and Lendlease.

- 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).

The total number of tenants affected by the proposed retrofit is 280 – this excludes currently vacant tenancies. These tenants will be business/retail customers and the vast majority are be classified as small tenants.

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

Lendlease will be purchasing energy from an authorised retailer and augmenting grid supply with onsite 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 annual amount of energy to be delivered within the EN is 18,000MWhs. The average expected consumption of the retail customers is 71 MWh.

- 6 Will your customers be wholly contained within a site owned, controlled or operated by you? (For the purposes of this question, a body corporate may be taken to 'operate' premises it oversees).

Yes, all customers will be wholly contained within the site owned.

- 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.

Yes, each tenancy will be separately metered.

- 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 meters installed will be compliant with the National Measurement Act 1960 (Cth), and are considered 'billing class' or NEM/market compliant. The 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?

The meters will be read remotely every month.

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

N/A

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

Bills are to be issued monthly and will be issued from an external billing agent.

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

The dispute resolution process is listed in the Consent Form in Appendix A. Customers also have access to the Energy and Water Ombudsman of New South Wales if the dispute cannot be resolved through the dispute resolution process.

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

N/A as 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?

Yes – as part of the embedded network installation, Lendlease are installing a 700KW solar array with net metering onto the roof of the existing centre. This solar power is being installed for the benefit of tenants that join the embedded network for energy supply.

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

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

[Disclosure to tenants](#)

As a part of the information and education campaign to tenants on Macarthur Square Shopping Centre, Lendlease have fully disclosed information as required in the Retail Exempt Selling Guideline – refer to Appendix A for a copy of this disclosure for existing tenants. Lendlease also disclose a copy of the Sale of Energy Agreement between Lendlease and the tenant – refer Appendix B for a sample agreement.

#### High acceptance by tenants

Through the education and marketing phase, Lendlease have obtained explicit informed consent from the vast majority of tenants at Macarthur Square (brownfield). As of 1 December 2016, 73% of all affected tenants have provided such consent and we are continuing efforts to obtain explicit informed consent for the remaining tenants.

#### Mitigation of detriment – retail contestability and competitive offers:

As per the requirements of the Retail Exempt Selling Guideline, we have mitigated this detriment by:

- Lendlease have notified all tenants of a right to choose their own retailer, that they will receive two invoices if they choose not to purchase energy from Lendlease, and (for non-consenting tenants) that Lendlease will price match any genuine electricity offer that would be available to that grid connected customer.
- Where a tenant has requested to remain with their authorised retailer, Lendlease will facilitate competition by allocating “child” NMIs to all tenants who choose to purchase energy from an authorised retailer. This allows tenants to remain with their existing authorised retailer under their current contract arrangement.
- Once the embedded network is installed, Lendlease will notify all authorised retailers to inform that either 1) the tenant has chosen to purchase energy from Lendlease, and request to cease billing from the date of embedded network install, or 2) the tenant has chosen to continue to purchase energy from their authorised retailer, and to cease invoicing for network charges effective the date of embedded network install. Lendlease will also appoint an agent to follow up with relevant market participants to request the AEMO Market Settlements and Transfer Solution (MSATS) is updated to reflect the embedded network installation – this will minimise instances of double charging.
- Where a tenant notifies Lendlease of double charging, Lendlease’s agent will follow up with the relevant market participants to ensure this rectified. This is predicated on the tenant providing a Letter of Authority to engage with their authorised retailer on their behalf.
- Lendlease commit to ongoing annual price reviews to ensure the rates on-sold are competitive to rates a tenant would otherwise receive from authorised retailers.
- Energy Intelligence, on behalf of Lendlease, have approached Endeavour Energy about allowing major tenants to be excluded from the retrofitted embedded network. Endeavour Energy has advised this is possible only if the major tenant is fed directly from a substation, and the substation is modified to include such additional direct

connections. This means significant and potentially cost-prohibitive modifications to the substations maybe required to exclude such tenants. Lendlease are currently assessing the feasibility of this approach, and have approached major tenants who have expressed a desire to remain outside the embedded network with mitigation detriments should this approach not be feasible. More information on these discussions can be found in Appendix D.

#### Mitigation of detriment – customer dispute resolution process

The Consent Form (Appendix A) lists the dispute resolution process that will apply at the Macarthur Square embedded network. This resolution process also lists the customer’s ability for recourse to the Energy and Water Ombudsman of New South Wales (EWON) if they are not satisfied with the internal dispute resolution.

#### Mitigation of detriment: state or territory legislation

As “child” NMIs allow tenants to purchase energy from an authorised retailer, Lendlease sees no detriment in state legislation that needs to be mitigated.

#### Efforts to obtain explicit informed consent

Lendlease has undergone a thorough process to obtain explicit informed consent from all tenants at Macarthur Square regarding the proposed embedded network installation. The process Lendlease has undertaken is:

- Initial communication in writing to all tenants regarding the proposal, including notification of their right to choose a retailer. This information is contained in Appendix A, Appendix B and Appendix C.
- Follow up communications made by Energy Intelligence (Lendlease’s subcontractor), including emails and calls to all tenants.
- Several site visits to Macarthur Square to discuss any questions or concerns made by tenants face to face
- Notification of AER’s formal public consultation process (refer Appendix A)
- Attempts to mitigate concerns of non-consenting tenants. Please refer to Appendix D for more information on Lendlease’s approach to mitigating these concerns specifically.
- If an affected customer displays signs of a limited capacity to provide explicit informed consent, we will address these as they arise. There have been no instances of any signs of any limited capacity to voluntarily provide explicit informed consent.
- Lendlease requests consenting tenants sign a separate Consent Form (copy listed in Appendix A). Lendlease stores electronic copies of the executed consent forms on file, and is available upon request.

Sections 4.4 and 7.2.1 of the guideline set out our approach to assessing individual applications involving brownfield embedded networks. As part of your application to sell energy through a planned brownfield embedded network, you should clearly address the four criteria described in Section 7.2.1 and provide supporting documentation as necessary.

In addition, please confirm that:

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

Yes

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-an-individual-retail-exemption-application>).

Yes

a) You will advise tenants / customers when the application is published for consultation and when the consultation period ends.

Yes

16 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.

Refer to the following attachments:

- Appendix A: Copy of Consent Form
- Appendix B: Copy of Sale of Electricity Agreement
- Appendix C: Information Memorandum accompanying Appendix A and B



**Appendix D – Mitigating non-consenting customers**

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