



## **Application for an Individual Exemption**

Castle Towers

6 – 14 Castle Street, Castle Hill NSW 2154

**QIC Limited (ACN 130 539 123) as trustee for the QIC Castle  
Towers Trust (ABN 19 391 557 971)**

## **ABOUT QIC**

Created in 1991 by the Queensland government to serve its long-term investment responsibilities, we have since grown into a leading long-term specialist investment manager.

As a real estate owner, manager and developer, we believe that we have both the opportunity and the responsibility to create the right balance of social, environmental and economic conditions for our communities, customers and investors now and in the future.

Our sustainability strategy focusses on the opportunity to deliver shared value; delivering economic value in a way that also creates value for society by addressing its needs and challenges.

Electricity cost for our tenants is a significant operating cost and creating embedded networks, that incorporate embedded electricity generation, would allow QIC Limited as trustee for the Castle Towers Trust to sell electricity to our tenants at tariffs that will match or be lower than market offers.

QIC Limited will finance capital works related to the establishment of the embedded network which may include infrastructure upgrades and replacements.

## **Part 1: General Information:**

### **1. Legal name**

QIC Limited (ACN 130 539 123) as trustee for the QIC Castle Towers Trust (ABN 19 391 557 971) (**Applicant**)

### **2. Trading Name**

Castle Towers Shopping Centre

### **3. Australian Business Number (ABN) or Australian Company Number (ACN)**

ACN 130 539 123

### **4. Registered postal address for correspondence**

Level 5/66 Eagle Street, Brisbane QLD 4001

### **5. Nominated contact person**

Name: Jarrod Parker

Position: National Commercial Manager – Alternative Income

Address: South Tower, Level 11/80 Collins Street, Melbourne VIC 3000

T: +61 [REDACTED]

E: [REDACTED]

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

The Applicant is seeking an individual exemption for the sale and supply of electricity through an embedded network located at Castle Towers Shopping Centre.

The Applicant is a property owner/manager of Castle Towers Shopping Centre and the proposed on-selling activity, which will be conducted by the Applicant, will be incidental to the Applicant's core business, which includes the leasing and management of a shopping centre owned by QIC Limited as trustee for the QIC Castle Towers Trust.

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

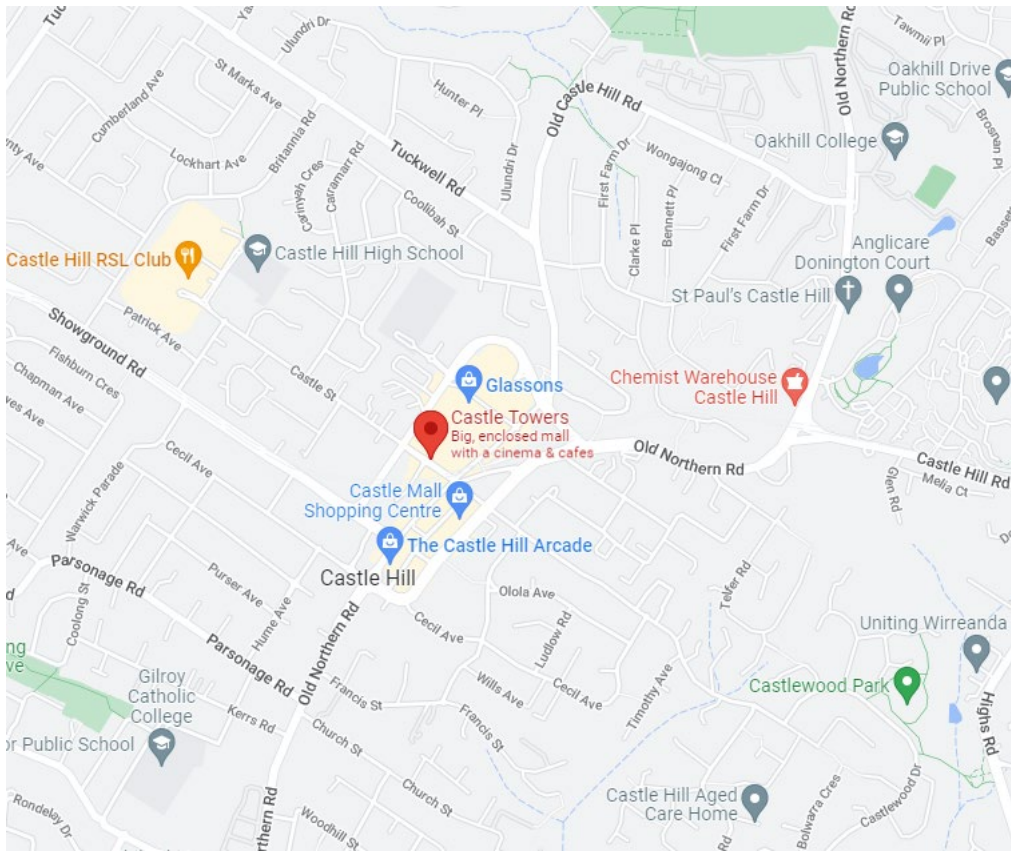
Castle Towers Shopping Centre (**Castle Towers**)

6-14 Castle Street,  
Castle Hill NSW 2154

Website: [Castle Towers \(qicre.com\)](http://qicre.com)

Castle Towers is a shopping centre and the Applicant intends to continue to operate this site as a shopping centre.

Castle Towers map:



**8. The primary activity of your business.**

The Applicant's primary activity is the operation/management of Castle Towers

**9. The form of energy 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.**

The form of energy to be sold is electricity and Castle Towers is connected to the local electricity distribution network.

**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?**

Approximately 1 December 2022, subject to the AER approval.

**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.**

c/o Centre Management Office  
 Castle Towers Shopping Centre  
 6 -14 Castle Street  
 Castle Hill, NSW 2154

**13. Details of any experience in selling energy, for example:**

- a. Date/s and location/s of previous operations
- b. Form/s of energy sold
- c. Scale of operations (that is, the number, size and type of customers)
- d. An explanation of which activities will be conducted in-house and which will be contracted out to third parties.

QIC under various entities with different trust structures own and manage other similar sites on the NEM where electricity is sold via embedded networks. Please refer to the table below for the details of these sites.

| Site                             | State | Commencement | Tenants tier | MWh p/a             | Type        |
|----------------------------------|-------|--------------|--------------|---------------------|-------------|
| 200 Grand Ave                    | QLD   | 30/01/2018   | 13           | 556                 | Electricity |
| Bathurst City Centre             | NSW   | 01/12/2017   | 31           | 1900                | Electricity |
| Big Top Shopping Centre          | QLD   | 27/02/2018   | 30           | 2291                | Electricity |
| Domain Central                   | QLD   | 31/01/2018   | 41           | 3183                | Electricity |
| Eastland Shopping Centre         | VIC   | 30/11/2017   | 365          | 23167               | Electricity |
| Forest Lake Shopping Centre      | QLD   | 30/01/2018   | 70           | 4421                | Electricity |
| Grand Central Shopping Centre    | QLD   | 07/10/1999   | 249          | 17450               | Electricity |
| Hinkler Central Shopping Centre  | QLD   | 10/04/2000   | 67           | 3567                | Electricity |
| Hyperdome                        | QLD   | 12/1997      | 200          | 17813<br>(combined) | Electricity |
| Loganholme Shopping Village      | QLD   | 1996         | 22           |                     | Electricity |
| Kippa-Ring Shopping Centre       | QLD   | 28/02/2018   | 30           | 1141                | Electricity |
| Merrifield City                  | VIC   | 01/12/2020   | 22           | 1300                | Electricity |
| Nerang Mall                      | QLD   | 01/02/2018   | 34           | 1464                | Electricity |
| Pacific Epping Shopping Centre   | VIC   | 1/07/2018    | 211          | 10012               | Electricity |
| Pacific Werribee Shopping Centre | VIC   | 1/07/2018    | 265          | 14299               | Electricity |
| Robina Super Centre              | QLD   | 1996         | 17           | 31423<br>(combined) | Electricity |

|                              |     |            |     |       |             |
|------------------------------|-----|------------|-----|-------|-------------|
| Robina Town Centre           | QLD | 1996       | 336 |       | Electricity |
| APVC Building                | QLD | 1996       | 4   |       | Electricity |
| The Village Upper Mt Gravatt | QLD | 21/02/2018 | 34  | 1827  | Electricity |
| Watergardens                 | VIC | 29/11/2017 | 215 | 11429 | Electricity |
| Westpoint Shopping Centre    | NSW | 01/12/2017 | 274 | 17601 | Electricity |
| Woodgrove Shopping Centre    | VIC | 30/11/2017 | 306 | 5609  | Electricity |

The proposed activities related to the key functions of the embedded network are as follows:

| Service  | Service performed by: |                           |
|--|-----------------------|---------------------------|
|  | QIC                   | External Service Provider |
| Compliance   | ✓                     | ✓                         |
| Consent campaign, sales and marketing to small and large     |                       | ✓                         |
| Metering, bill generation and management of embedded network |                       | ✓                         |
| Client invoicing, debt management                            | ✓                     | ✓                         |
| Customer service, enquiries and complaint management         | ✓                     | ✓                         |
| Embedded Network Manager (ENM)                               |                       | ✓                         |

**14. Whether you currently hold, or have previously held or been subject to, an energy selling exemption or a retail license (retailer authorisation) in any state or territory. If so, please provide details.**

Yes. For each relevant sites, the embedded networks are managed by QIC and are subject to the applicable conditions of retail and network exemptions for each site. The table is provided in Question 13.

**15. What arrangement 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)?**

The embedded network will be configured so that in the unlikely event that the Applicant can no longer supply electricity to the tenants at the Castle Towers Shopping Centre, the tenants can enter into a separate Electricity Sale Agreement with an authorised electricity retailer of their choice.

## Part 2: Particulars relating to the nature and scope of the proposed operations

### 16. Will your customers be your tenants? If so, are they residential or commercial/retail?

Yes, customers are commercial/retail tenants of Castle Towers Shopping Centre, there will be no residential customers

### 17. 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 the services are, and the contractual or leasing arrangements under which these services are being provided.

Yes, property management services to commercial/retail tenants at Castle Towers Shopping Centre. Tenants can elect to purchase electricity from the Applicant, the payment details of which are contained within the lease arrangement between the Applicant and the tenant. Where applicable, tenants will be subject to the *Retail Leases Act 1994 (NSW)*.

### 18. What is the total number of dwellings/premises 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)?

No residential customers will be part of this Embedded Network.

The large non-embedded network component is due to two Main Switch Rooms (MSR 1 and MSR 4) being excluded from the embedded network, this section of the building will be demolished and redeveloped in the next year or so. The new section will be created as a greenfield embedded network alongside the rest of the centre. Please refer to Appendix M – redacted version of the EN Design report and please make special note of section 2 regarding the design.

| Site          | State | No. of small business tenants | No. of large business tenants | No. of Non-Embedded Network tenants |
|---------------|-------|-------------------------------|-------------------------------|-------------------------------------|
| Castle Towers | NSW   | 232                           | 20                            | 31                                  |

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

The Applicant will be on-selling electricity purchased from an authorised electricity retailer.

**20. 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 giga joules 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)?**

| <b>Estimated Total Consumption</b> | <b>Estimated Large Business Tenant Consumption</b> | <b>Estimated Small Business Tenant Consumption</b> |
|------------------------------------|--|--|
| 7,872 MWh                          | 3,000 MWh  | 4,872 MWh  |

No residential customers will be part of this embedded network.

**21. 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.

**22. 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, all customers will be separately metered.

**23. Will meters allow your customers to change retailers (i.e. not buy their energy from you) as required by the AER's Network Guideline?**

Yes, all installed meters will be fit for purpose to allow full retail contestability as per AER's Network Guideline requirements and minimum services specification outlined in Chapter 7 of the National Electricity Rules.

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

The appointed embedded network service provider will bill monthly.

**25. What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues?**



Dispute resolution procedures have been established that is consistent with AS/NZS 10002:2014. Please refer to the attached QIC Customer Feedback and Complaints Procedure (Annexure L) for the details of the dispute resolution procedure.

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

During the past months the Applicant has worked closely with the tenants at Castle Towers Shopping Centre to ensure they understood the positives and negatives of the intended embedded network.

Supporting documentation is available in the appendices:

1. Appendix A – Sample of Letter of Intent
2. Appendix B – Sample of the Letter of Consent
3. Appendix C – Sample of Frequently Asked Questions
4. Appendix D – Sample of the Sale of Energy Terms and Conditions
5. Appendix E – Sample of Tariff Sheet
6. Appendix F – Sample of Dispute Process
7. Appendix G – Sample of Notice of Public Consultation
8. Appendix H – Consent Report
9. Appendix I – Tenant Communication Report
10. Appendix J – Correspondence to LNSP
11. Appendix K – Copies of all Consent documentation
12. Appendix L – Sample of Feedback and Complaints Procedure
13. Appendix M – Redacted Castle Towers EN Design Report

**Provision of retrofit information**

The Applicant provided the tenants of Castle Towers Shopping Centre with the following information:

1. Written communication advising the tenants of our intent to establish an embedded network, “Letter of intent to establish an embedded network” (Annexure A);
2. In the written communication we explained that tenants still have access to their retailer of choice even though they are physically within an embedded network and it might be difficult to secure an energy only contract with an authorised retailer;
3. It was explained that a tenant could enter into an energy only contract with their retailer and that the ENO will recover their network charges;
4. The Applicant undertook to price match any real market offers available to tenants as per AER requirements;
5. The Applicant undertook to take all steps necessary to remedy any duplication of network charges experienced by child customers and that no connection fees would be charged to such customers;
6. Contact details of our service providers and relevant representatives;
7. A copy of our electricity sales term and conditions;
8. Tariffs and charges available to tenants who may elect to purchase their electricity from the embedded network;

9. FAQ page explaining questions that are often asked regarding embedded networks and consumers rights within the embedded network;
10. Over and above the information provided the Applicant and their representatives sent numerous emails, made telephone calls and attended face to face meetings to ensure all questions and concerns were addressed.

*The difficulty in securing an authorised retailer contract was explained in detail on several occasions.*

### **Collecting and recording explicit informed consent**

The applicant provided their tenants with the information above before separately seeking tenant's explicit and informed consent to retrofit the site to an embedded network.

The Applicant kept the following records which will be made available to the AER upon request:

1. Copies of all information provided to tenants;
2. Records of all consultations and meetings held with tenants;
3. Register of all tenants who provided consent;
4. Register of all non-consenting tenants and their reasons for non-consenting;
5. Records of any negotiation/dispute outcome.

All records will be kept for a period of no less than two years.

The Applicant committed to continue to engage with non-consenting tenants to mitigate any concerns they may have.

The explicit consent was given on a document separate to the acceptance of an offer to purchase electricity from the Applicant.

### **Offer matching**

The Applicant committed to match any real authorised retailer offers as per AER's core condition requirements.

### **Metering arrangements**

The Applicant undertake to ensure that:

1. All tenants will be metered separately with metering that supports full retail contestability;
2. All metering installations will comply with the requirements of the National Measurement Act;
3. The metering will be installed and operated in line with AEMO's Metrology Procedure;
4. All technical standards will comply with the applicable jurisdictional laws;

5. All meters will be installed in a safe location with convenient access and there will be no cost to customers related to meter reading;
6. Access will be granted to retailers where, at their own cost, they wish to replace the meter with a meter of their own choosing.

The Applicant will bear all costs for any changes to metering and other alterations that take place in the course of retrofitting the embedded network.

All metering will allow exempt customers to access full retail contestability should they choose to use the Applicant's meters. Using the Applicant's meter to access retailer competition is not compulsory and a tenant and/or their retailer may choose to replace the meter at their own cost.

### **Part 3 : Converting embedded networks (retrofitting)**

#### Provision of information

You must confirm you have evidence that consumers have been provided with the following information:

**27. That you are planning to retrofit the site as an embedded network and this will require metering changes;**

Yes

**28. That consumers retain the right to contract with a retailer of choice even after inclusion in the embedded network (except where this right does not exist due to jurisdictional legislation);**

Yes

**29. That in order to exercise their right to a retailer of choice, consumers may need to enter into an 'energy only' contract, which is offered at retailers' discretion and may be difficult to obtain;**

Yes, it was also explained that customers may find it difficult to access a retailer of choice as they often do not want to offer an energy only contract.

**30. That customers in embedded networks may not receive the same protections as those of an authorised retailer under the Retail Law, including access to ombudsman schemes;**

Yes, it was explained that their protections may differ from those of an authorised retailer.

**31. Your electricity sales agreement, which details all fees and tariffs;**

Yes, the tariff sheet included a tariff comparison against the best offers that were available in the market (source: [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au) dated 14 October 2021). The Applicant ranked number 1.  
(Please see Appendix E).

**32. The contact details of a representative from your company to answer any queries or concerns about the planned retrofit;**

Yes.

## **Explicit informed consent**

### **33. Confirm you have evidence of written consent from all customers affected by the retrofit;**

Yes, please see Appendix H and K.

The Applicant received 85.71 % written consent from tenants affected by the proposed retrofit.

Total number of tenants including vacancies – 312

Total number of vacancies – 29

Total number of tenants excluded from the embedded network – 31 (demolition and redevelopment of old section)

Total number of tenants included in EN – 252

Consenting tenants – 216

Non-consenting tenants – 20

Non-responding tenants – 17

### **34. Confirm that consent was sought separately from customers for the retrofit and the energy sale agreement**

Yes, consent has been sought separately from the energy sales agreement.

### **35. If customers expressed concerns, provide evidence of your attempts to resolve them.**

See Appendix I, the report provides the outcome of all correspondence and meetings that addressed concerns and the way to mitigate those concerns. We are currently still working with those tenants to ensure they understand the process and to obtain their consent.

## **Retail contestability**

To demonstrate you have addressed any potential customer detriment resulting from a loss of retail contestability, you must confirm whether you have:

### **36. Sought advice from the distributor about whether non-consenting customers can be wired out of the embedded network;**

The Applicant along with their embedded network consultant sought advice from the local distributor regarding the possibility to wire non-consenting customers out of the embedded network. The financial impact will also be reviewed.

### **37. 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. Measures to reduce financial detriment are likely to include price matching for affected customers, and taking financial responsibility for any double billing of network charges.**

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

- The Applicant has notified all tenants via emails, phone calls and site visits; of a right to choose their own retailer, that they will receive two invoices if they choose not to purchase energy from the Applicant, and (for non-consenting tenants) that the Applicant 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, the Applicant 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, the Applicant will notify all authorised retailers to inform that either:
  1. the tenant has chosen to purchase energy from the Applicant, 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.
- The Applicant will appoint an ENM 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 minimising instances of double charging.
- Where a tenant notifies the Applicant of double charging, the Applicant’s agent will follow up with the relevant market participants to ensure this is rectified. This is predicated on the tenant providing a Letter of Authority to engage with their authorised retailer on their behalf.
- The Applicant commits to ongoing annual price reviews to ensure the rates on-sold are competitive to rates a tenant would otherwise receive from authorised retailers.

## **Customer dispute resolution services**

### **38. Have you advised customers of your dispute resolution process and options for external dispute resolution, such as ombudsman schemes?**

Yes, our “letter of intent” provided to all the tenants included our dispute resolution process that will apply for the embedded network at Castle Towers Shopping Centre. A full copy of QIC’s Customer Feedback and Complaints Procedure will be provided to customers at the time of sign-up. (Please see Appendix F).

## **AER Consultation**

**39. You must confirm you have advised consumers of the AER's consultation process. In particular, you must make consumers aware that the AER consults on individual exemption applications and will publish your application on its website and invite public submissions.**

The Applicant undertook to inform tenants in writing of the AER's consultation process once the consultation dates are made known and/or when the exemption application is published on the AER's websites.

A copy of the letter is provided as Appendix G.

**Appendix A – Confidential and provided as separate document**  
**Appendix B – Confidential and provided as separate document**  
**Appendix C – Confidential and provided as separate document**  
**Appendix D – Confidential and provided as separate document**  
**Appendix E – Confidential and provided as separate document**  
**Appendix F – Confidential and provided as separate document**  
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**Appendix J – Confidential and provided as separate document**  
**Appendix K – Confidential and provided as separate document**  
**Appendix L – Confidential and provided as separate document**  
**Appendix M – Confidential and provided as separate document**