

SCENTRE GROUP

## **Application for Individual Exemption**

### **Westfield Kotara**

10 July 2015

File: 2015.07.10 – EN Exemption Kotara – V4CP

Owner and Operator of  in Australia and New Zealand

**SCENTRE SHOPPING CENTRE MANAGEMENT PTY LTD** ABN 55 000 712 710

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## **General Information Requirements**

### **1. Legal Name**

Scentre Custodian Pty Limited ACN 098 698 652 as trustee for the VIC Shopping Centre Trust

### **2. Trading Name**

Westfield Kotara

### **3. Australian Company Number (ACN)**

098 698 652

### **4. Registered Postal Address for Correspondence**

Scentre Group  
85 Castlereagh Street  
Sydney NSW 2000

Or

Scentre Group  
GPO Box 4004  
Sydney NSW 2001

### **5. Nominated Contact Person**

Mark Gleeson  
National Facilities Manager  
T: 02 9028 8320  
M: 0409 362 281  
E: [mgleeson@scentregroup.com](mailto:mgleeson@scentregroup.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.**

Scentre Group is seeking an individual exemption for the retrofit of an existing private network to create an embedded network on a single site.

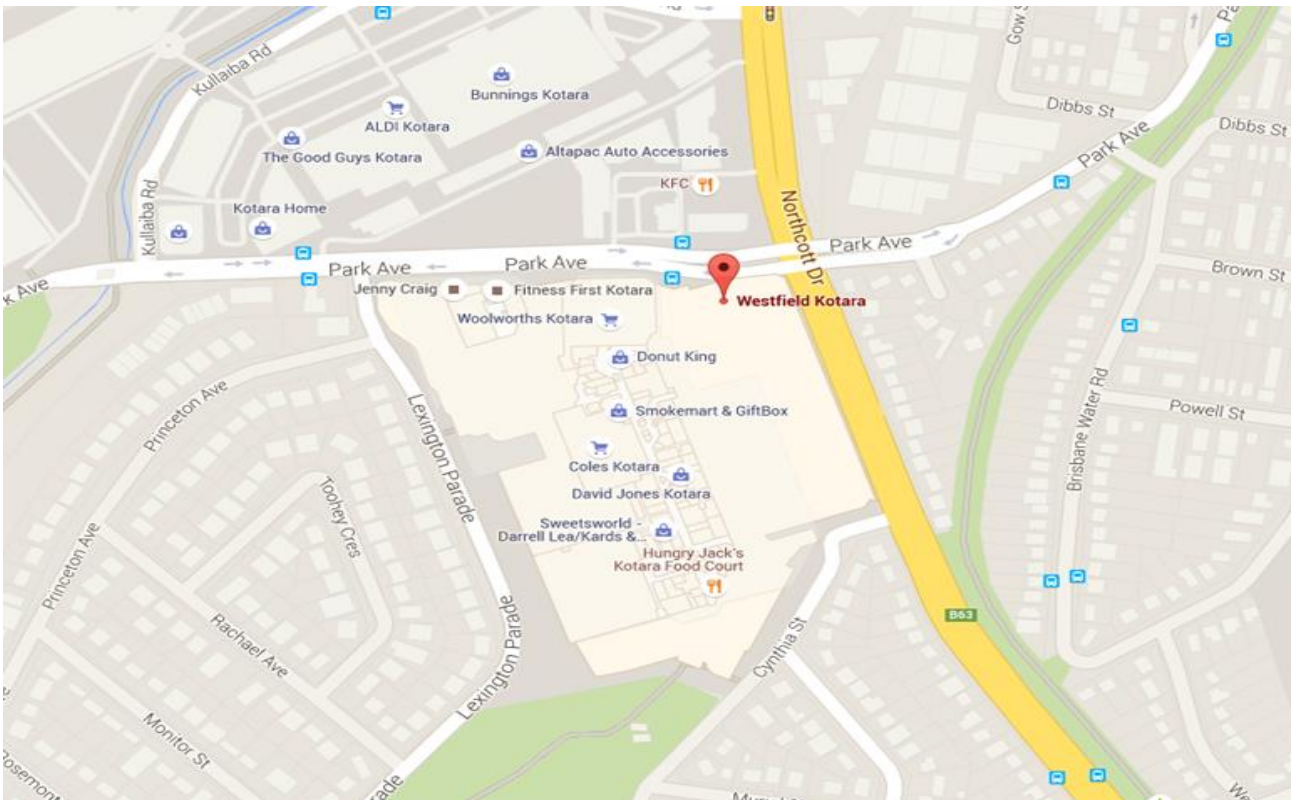
The proposed on-selling activities are incidental to Scentre Group's core business activity of managing the shopping centre.

### **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.**

Westfield Kotara is located at the corner of Northcott Drive & Park Avenue, Kotara NSW 2009. It is a shopping centre located in a suburb of Newcastle.

We intend for it to continue as a shopping centre in the future.

## Westfield Kotara map



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

Scentre Group's primary activity is the development and management of shopping centres.

**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.**

Electricity;

The shopping centre will be connected to the local electricity distribution network via one or more connection points.

**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.**

1<sup>st</sup> September 2015 (or from the date the individual exemption is granted)

**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.**

Westfield Kotara  
Cnr Park Avenue and Northcott Drive  
Kotara NSW 2009

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

- **date/s and location/s of previous operations**
- **form/s of energy sold**
- **scale of operations (that is, the number, size and type of customers)**
- **an explanation of which activities will be conducted in-house and which will be contracted out to third parties.**

Scentre Group has 20 locations in the NEM and SWIS where electricity is sold to tenants in an embedded network. The details of these are as provided in the table below:

Centre	State	Start of Embedded Network*	Energy	Small Tenants	Large Tenants	Total Tenants
Westfield Chermside	QLD	20 + years	Electricity	332	29	361
Westfield Carindale	QLD	20 + years	Electricity	359	29	388
Westfield Helensvale	QLD	2007	Electricity	168	10	178
Westfield Garden City	QLD	20 + years	Electricity	344	34	378
Westfield North Lakes	QLD	2003	Electricity	188	10	198
Westfield Strathpine	QLD	20 + years	Electricity	135	13	148
Westfield West Lakes	SA	20 + years	Electricity	204	8	212
Westfield Marion	SA	20 + years	Electricity	282	18	300
Westfield Tea Tree Plaza	SA	20 + years	Electricity	217	15	232
Westfield Carousel	WA	20 + years	Electricity	288	20	308
Westfield Whitford City	WA	20 + years	Electricity	329	13	342
Westfield Innaloo	WA	20 + years	Electricity	157	6	163
Westfield Sydney	NSW	1/10/2010	Electricity	206	12	218
Westfield Miranda	NSW	5/09/2015	Electricity	373	2	375
Westfield Hornsby	NSW	29/05/2013	Electricity	285	6	291
Westfield Fountain Gate	VIC	13/02/2012	Electricity	362	15	377
Westfield Knox	VIC	16/11/2013	Electricity	310	4	314
Westfield Plenty Valley	VIC	24/08/2012	Electricity	146	11	157
Westfield Geelong	VIC	26/09/2012	Electricity	152	4	156
Westfield Doncaster	VIC	1/02/2010	Electricity	404	14	418

Notes: \* The exact start date of all embedded networks is not known.

The proposed management of the key functions of the Embedded Network:

- a. Sales to large customers will be conducted by Scentre Group with the assistance of a sales agent for small customers;
- b. Scentre Group will enter into an agreement with a Meter Data Agent to complete the following tasks: meter readings, data management and production of information for billing;
- c. Scentre Group will issue the invoice utilising existing financial systems in a compliant format;
- d. Scentre Group will use internal resources to manage the debt collection process;

- e. Scentre Group will manage all relevant licences and compliance with all applicable legislation. Scentre Group will have in place a Complaints Handling and Dispute Resolution Policy.

**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.**

The shopping centres listed in the table in answer to question 13 above, all have Registered Retail Exemptions (R1, R5) and Network Exemptions (N1, N5).

**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 Scentre Group could no longer supply electricity to the tenants, the embedded network will be configured to allow the tenant to enter into an Electricity Sale Agreement (ESA) with an authorised retailer of their choice.

### *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 tenants of the shopping centre.

The tenants are retail / commercial businesses.

The small retail business tenants and some of the large retail tenants are covered by the relevant state-based Retail Shop Leases Act.

There are no residential customers as part of the embedded network.

**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.**

Yes: we are providing retail and commercial leased premises.

The majority of leases to retail tenants will be covered by the relevant retail shop leases Act.

**3. 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).**

The total number of retail / commercial business customers is: 253

The number of small business tenants is: 248

The number of large business tenants is: 5

No residential customers form part of the Embedded Network.

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

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

**5. If purchasing from an authorised retailer, have you formed, or do you intend to form, a bulk purchase contract with the energy retailer, and how far into the future does this, or will this, contract apply? If you have formed, or intend to form, a contract, please provide a brief summary of this arrangement.**

Scentre Group currently has an electricity supply agreement in place with Origin in NSW which expires on 30/06/16.

Scentre Group will procure electricity from a licenced retailer prior to the expiry of the existing contract.

**6. 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 annual consumption of the shopping centre is: 12,699 MWh

The estimated annual consumption of the tenant load is 6,077 MWh

Large business tenant's annual average load is: 173 MWh

Small business tenants' annual average load is: 21 MWh

**7. 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; tenants will be wholly contained inside the shopping centre complex.

**8. 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 premise will be separately metered.

**9. 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)?**

Scentre Group will install manually or remotely read interval meters to measure the electricity consumption for all on-market and off-market tenants in the embedded network.

The embedded network metering arrangements will allow tenants to switch away from Scentre Group's electricity supply arrangement if they choose to purchase electricity from an authorised electricity retailer.

The capital cost of the embedded network installation will be borne by Scentre Group. There will be no capital costs for the tenant to switch between our electricity supply arrangements and an authorised retailer or vice-versa.

**10. What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which Standard or Standards. For electricity meters, will the meters comply with National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013?**

Implementation of the embedded network will require using remotely read interval meters (type 4), certified by the Australian Energy Market Operator (AEMO) for use in the Australian Energy Market and complying with the National Electricity Rules, and the current Electricity Customer Metering Code.

The embedded network metering system technical requirements adhere to Federal and State legislated design guidelines for accuracy requirements, on-board data storage, meter class, security/tamper proofing requirements, including any other standards relating to the installation of embedded electricity networks.

Whole current and CT (one or three phase low voltage) meters will have Class 1 accuracy. While CT's for kWh metering shall comply with NER standards and AS 1675 / AS 60044 as well as meet equivalent of Class 0.5 for revenue metering and Class 1.0 (or better) for all other metering.

All meters shall measure billing log – import Wh, VARh and export Wh, VARh. Meters shall measure power quality on request and store data for at least 6 months of 30 minute interval data in memory.

**11. If customer dwellings/premises are separately metered, how often do you propose the meters to be read and by whom?**

The meters, for tenants that are part of the embedded network, will be manually or remotely read on a monthly basis by a contractor to Scentre Group.

The contractor will be determined through a tender procurement process conducted by Scentre Group.

**12. How will you determine energy charges if customers are not separately metered?**

Not applicable; all tenants are separately metered.

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

Meter data will be provided by a meter data agent and monthly invoices will be produced by Scentre Group's accounting system.



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

The customers in the embedded networks will have access to an onsite Retail Manager / Centre Manager who will be the first contact point for any disputes.

The dispute can be escalated to Senior Management to resolve if unable to be resolved with local centre management.

If the dispute cannot be resolved with Scentre Group the tenant may raise a dispute with the Energy and Water Ombudsman NSW.

The Dispute Handling Process will be detailed in the Energy Sale Agreement.

**15. What energy rebates or concessions are available for your customers and, if applicable, how can customers claim these?**

Rebates or concessions will not be applicable to Scentre Group's Embedded Network tenants.

If they do become available in the future, then we will pass through any rebates or concessions and inform tenants of any that may be available.

**16. 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?**

Scentre Group provides a 'Tenancy Fit-out Guide' which provides guidelines for new tenants to follow regarding their shop fit-out. This shop fit-out process is managed by a Tenancy Coordinator who will recommend various energy efficiency measures relevant to the tenant.

The Facilities and Sustainability team at Scentre Group provide support to the management of shopping centres including embedded networks and other energy initiatives.

For example, Scentre Group is conducting feasibility studies on solar projects at different shopping centres across the Scentre Group portfolio.

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

Please see Appendix A: Further Information

## ***Appendix A: Further Information***

### **National Embedded Network Team**

Scentre Group has created a dedicated Embedded Network business which is supported by the National Facilities team.

Chris Parratt

*National Embedded Network Sales Manager*

Chris has been in the energy industry for 15 years, in particular electricity retailing with Country Energy and ERM Power. He brings expertise in business energy sales and marketing, energy billing, energy efficiency, and energy market compliance knowledge.

Craig Parr

*National Embedded Network Operations Manager*

Craig is an electricity market specialist who previously held roles with the AEMO (Australian Energy Market Operator) and NEMMCO (National Electricity Market Management Company).

Neil Robinson

*Senior Commercial Finance Analyst*

Neil has been with Scentre Group for seven years in finance roles focusing on centre management. He has been the finance support on Embedded Networks for the last 18 months and previously provided analysis support for Embedded Networks.

### **National Facilities Team**

Stuart Elder

*General Manager Facilities and Sustainability*

Stuart has overall accountability for Scentre Group's embedded network business. He has been with Scentre Group for five years in Centre Management roles where some centres had Embedded Networks installed. Stuart has been in his current role for 10 months.

Mark Gleeson

*National Facilities Manager*

Mark has been managing Scentre Group's Embedded Network business for the last 18 months. Previously Mark held centre management roles where Embedded Networks were installed. He holds qualifications in Electrical Engineering.

### **Other Support to the Embedded Network Business**

*Design and Construction Team*

Scentre Group has one of the largest private engineering practices in Australia and will be responsible for the installations of the technical aspects of the Embedded Network.

*Centre Management Teams*

Each shopping centre operated by Scentre Group is managed by a Centre Manager. The Centre Manager has accountability for the Embedded Network. There is a Retail Manager in most centres that is responsible for providing customer service to tenants. All centres have an onsite Facilities Manager who will be responsible for the maintenance of the Embedded Network.

*Revenue Assurance Services*

Scentre Group has a team who will manage the billing and debt management for the Embedded Network.

## **Sales Process**

Scentre Group will manage the sales process with the assistance of a selling agent. Below is the sales process:

### Step 1

Scentre Group will notify all prospective tenants of the Embedded Network installation, with communications covering:

- A summary of the embedded network installation and implications for the tenant;
- Tenants will have the right to select an electricity authorised retailer of choice;
- Details of who to contact regarding electricity supply questions;
- A copy of the Electricity Sale Agreement, detailing the 30-day termination of convenience provision; and
- Advice to the tenant on invoicing. If they choose to select an authorised retailer as their electricity supplier they will receive two bills, one for energy usage charges from the electricity retailer and an invoice from Scentre Group containing the regulated network charges. The advice will also detail that the total of the two invoices should not be greater than what they previously paid.

### Step 2

If the tenant chooses Scentre Group as their electricity provider an Electricity Sale Agreement will be executed with the following information:

- Ability to terminate the agreement with 30 days' notice;
- The ability to purchase green power, which will be facilitated by Scentre Group through their electricity retailer; and
- Termination date of the agreement will be the lease termination date.

## **On-going Electricity Sale Agreement with Authorised Retailer**

In the event that a tenant chooses to remain with their authorised retailer upon the installation of the embedded network, and pay separate energy and network charges, the price they pay for energy charges should remain unchanged. This is because Scentre Group will ensure that tenants who choose to stay with their authorised retailer will be charged the appropriate regulated network charges.

Should tenants choose to purchase electricity from an authorised retailer, they will be requested to sign a letter of authority:

- Acknowledging that their premises are located inside an embedded network and that they have chosen to purchase electricity from an authorised retailer; and
- Authorising Scentre Group and their nominated representatives to receive the relevant meter data held under their name for the purpose of calculating and recovering the regulated network charges.

## **No Disadvantage**

To ensure tenants are not disadvantaged by being within the embedded network, where a tenant's existing authorised retailer is unable or unwilling to provide a tenant with an energy only invoice, Scentre Group will offer to match the price the tenant was paying prior to the creation of the embedded network.

## **Tenant Consent**

Scentre Group proposes that by entering into an Electricity Sale Agreement with a tenant, by signing a letter of authority or by authorising Scentre Group or nominated representative to receive relevant meter data the tenants are providing fully informed consent to join the embedded network.

The Letter of Authority will clearly indicate the tenant is agreeing to participation in the embedded network and that they authorise the energy usage data can be sent to Scentre Group and its authorised representative.

If the tenant does not sign an Electricity Sale Agreement or a Letter of Authority then Scentre Group will attempt to enter into an agreement with the tenant's retailer for the payment of network charges.

## **Tenant Benefit**

Based on previous experience converting existing private networks to embedded networks, we anticipate that 75% of tenants will initially choose to purchase electricity from Scentre Group. We believe the vast majority of tenants will benefit from the creation of the embedded network due to favourable pricing.

The tenants also benefit from the on-site customer service teams provided by shopping centre management that look after all their business queries.