



APPLICATION FOR INDIVIDUAL EXEMPTION

STOCKLAND MERRYLANDS SHOPPING CENTRE

General Information Requirements

1. Legal Name

Stockland Property Management Pty Ltd, acting as agent for Stockland Trust Management Limited, being the responsible entity of Stockland Trust (**Stockland**).

2. Trading Name

Stockland Merrylands Shopping Centre

3. Australian Company Number (ACN)

000 059 398

4. Registered Postal Address for Correspondence

Stockland Property Management Pty Ltd
Level 25, 133 Castlereagh Street
Sydney NSW 2000

5. Nominated Contact Person

Jim Tatsis
Stockland
National Manager, Operations
T: 02 9035 2000
E: jim.tatsis@stockland.com.au

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

Stockland is seeking an individual exemption for the retrofit of an existing network to an embedded network as per the AER's requirements that all embedded networks retrofitted after 1 January 2015 obtain an individual exemption.

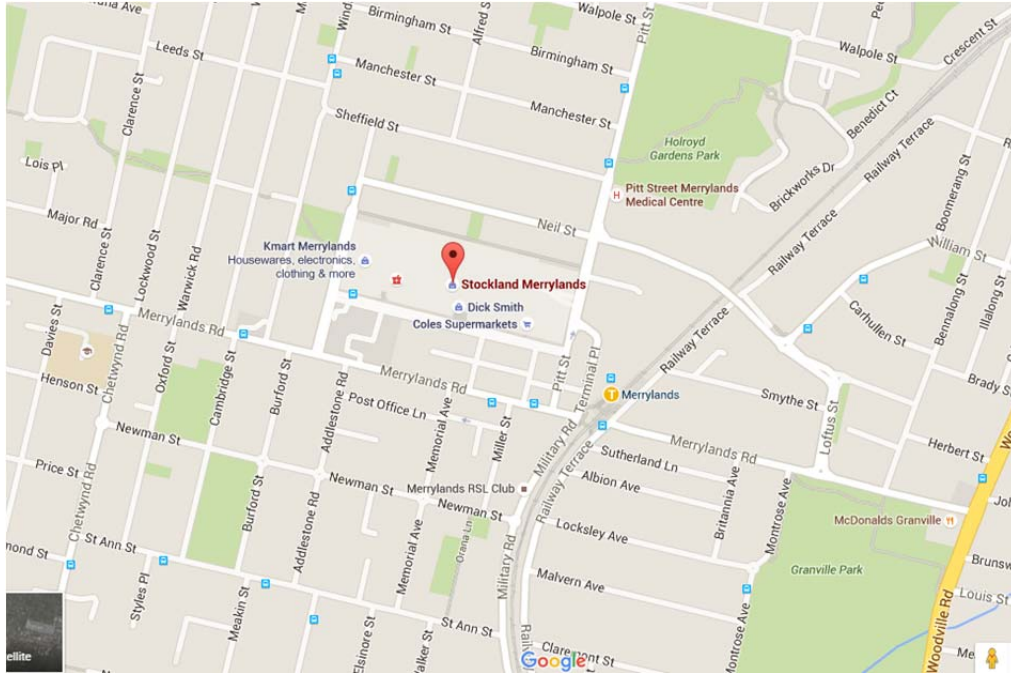
Stockland is seeking an exemption, rather than a retail authorisation, as the proposed on-selling activities are incidental to Stockland's primary business (refer to question 8).

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

Stockland Merrylands Shopping Centre is located at McFarlane St, Merrylands NSW 2160.

See map below.

Stockland Merrylands Shopping Centre



Stockland Shellharbour Shopping Centre is a multi-tenanted retail shopping centre, originally opened in 1972.

Stockland intends to continue to use the site as a shopping centre in the future.

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

Stockland is one of Australia's leading diversified property groups and is active in the operation and management of shopping centres, logistics, business parks, office properties, residential properties and retirement living villages.

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.

The form of energy is electricity.

The embedded network is directly connected to the local electricity distribution network via ten connection points. The embedded network will be directly connected to the local network service provider (Origin).

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?

28 February 2015.

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

Stockland Merrylands Shopping Centre
McFarlane St
Merrylands NSW 2160

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.**

Stockland has experience selling energy (electricity) in the retail, industrial and retirement living sectors, as set out in more detail below:

(i) Retail

Stockland's retail embedded networks range from between 50 to 200 customers. A third party manages and prepares the meter readings, pricing, consumption data and billing information for Stockland. In addition, a combination of third party and Stockland managed billing and collection services are used.

For instance, Stockland has previously sold energy at the following sites:

- Stockland Gladstone Shopping Centre (Queensland) since prior to 2004; and
- Stockland Caloundra Shopping Centre (Queensland) since prior to 2004).

(ii) Industrial

Stockland's industrial embedded network ranges from between 10 to 30 customers depending on site configuration and the combination of tenants. A third party manages the meter readings, pricing, consumption data/tenant notices, billing information, billing and collection.

For instance, Stockland has previously sold energy at Stockland's Yennora Distribution Centre (NSW) since before July 2000.

(iii) Retirement Living

Stockland receives no commercial benefit from retirement living embedded networks. Any profit remains with the applicable retirement living village body corporate. In this sector, embedded networks range from between 50 to 200 customers.

A third party manages the meter readings, pricing, consumption data/tenant notices, bill information, billing and collection. A small number of Stockland managed embedded networks are currently in the process of being transitioned to a specialised embedded network billing manager.

For instance, Stockland has previously sold energy at the following sites:

- Arilla Village (VIC) since February 2010; and
- Bundoora Village (VIC) since July 2009.

Stockland has contracted all meter reading and tenant billing activities to third party management service providers.

In particular, in relation to the Stockland Merrylands Shopping Centre, the activities relating to the key functions of the embedded network are as follows:

- i. Sales and marketing to small and large customers is conducted by Stockland's chosen Embedded Network Manager (ENM), WINenergy;
- ii. Meter readings, data management and production of customer bills is managed by Stockland's ENM, WINenergy.
- iii. Customer bills are issued to customers of the embedded network in a format compliant to the AER's Core Exemption Conditions.
- iv. Stockland's ENM, WINenergy, manages the debt collection process;
- v. Stockland's ENM, WINenergy, manages all relevant licences and compliance with all applicable legislation. WINenergy has 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.

Stockland does not hold any retail licence/authorisations.

Stockland currently holds and has previously held approximately 24 energy selling exemptions in the retail sector, including (but not limited to) the following:

Site	Address	Network Exemption ID	Retail Exemption ID	Sale of electricity commenced
Stockland Gladstone Shopping Centre	Corner Dawson Highway and Philip Street Gladstone QLD 1680	AER-N 0873/13	AER - R0790/12	Prior to 2004
Stockland Rockhampton Shopping Centre	Corner Yaamba Road and Highway One North Rockhampton QLD 4701	AER-N 0470/12	AER - R0482/12	Prior to 2004
Stockland Hervey Bay Shopping Centre	Central Avenue Hervey Bay QLD 4655	AER-N 0469/12	AER - R0481/12	Prior to 2004

Stockland currently holds and has previously held approximately 16 energy selling exemptions in the retirement living sector, including the following:

Site	Address	AER Registered ID	Network Exemption ID	Sale of energy commenced
Arilla Village	65 Gordons Road South Morang VIC 3752	E-0938	AER-N 0390/14	February 2010
Bundoora Village	100 Janefield Drive Bundoora VIC 3083	E-0939	AER-N 0391/14	July 2009
Salford Park	100 Harold Street Wantirna VIC 3152	E-0968	AER-N 0401/14	December 2012

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)?

If Stockland could no longer supply energy to tenants in the embedded network, the metering configuration allows tenants to enter into a supply arrangement 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 manufacturing 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; and
- There are no residential customers inside 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 the

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

- Yes, Stockland are providing retail and commercial leased premises;
- All such leases are covered by the relevant *Retail Shop Leases Act 1994* (NSW).

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)?

- Total number of tenants: 225
- Number of small business tenants: 216
- Number of large business tenants: 9
- No residential customers will be part of this 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?

Stockland 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.

Stockland currently has an electricity contract with Origin Energy for the supply of each embedded network parent meter. This contract expires 30 June 2017 and Stockland will ensure a new contract is put in place for supply prior to the expiry of the current 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 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)?

- The estimated total annual consumption of the shopping centre: 5,506 MWh;
- The estimated average annual consumption of small business load is: 4,506 MWh;
- The estimated average annual consumption of large business load is: 1,000 MWh; and
- No residential customers will be part of this embedded network.

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, all tenants will be wholly contained inside the shopping centre.

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 premises 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)?**

The meters are capable of recording interval reads, and will be either manually or remotely read.

The electrical infrastructure at the site allows all tenants to access a licensed energy retailer of their choosing. The cost of any metering works that result from a tenant choosing supply from a licensed retailer will be borne by Stockland.

- 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?**

The electricity meters installed at site are compliant with the *National Measurement Act 1960* (Cth), and compliant with the NMI M-6 pattern approval requirements as stipulated by the National Measurement Institute¹. The meters are supplied by an accredited meter provider, and are classified as "billing class" (can be used for on-market metering).

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

Electricity meters within this embedded network will be manually or remotely read on a monthly basis by a contractor to Stockland.

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

Not applicable as 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?**

Bills will be issued monthly by Stockland.

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

Stockland's ENM, WINenergy, will provide customers access to a Customer Service Team which will be contactable via phone or email. This will be the first contact point for any energy related complaint or issue.

A formal complaint can be lodged to the ENM, WINenergy who will manage the complaint in accordance with WINenergy's Complaint Management Policy and Procedure or will escalate to Stockland for response.

If the dispute cannot be resolved with the ENM, WINenergy or Stockland Property Management Pty Ltd the customer may raise a dispute with the Energy and Water Ombudsman NSW.

¹ <http://www.measurement.gov.au/publications/parequirements/Pages/default.aspx>

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

Not applicable to tenants at this site.

If they do become available in the future, then Stockland Property Management Pty Ltd will pass through any rebates or concessions and inform customers 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?

Stockland Property Management Pty Ltd may install solar photovoltaic at the site. The power generated by the solar array will feed into both common area power and tenant power. Tenants who are supplied power generated by the solar array will be covered by all conditions of this exemption and will not be charged any more for power generated by the solar array.

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

1.1.1 Commercial benefits to tenants:

The embedded network has offered a significant financial benefit to tenants with 64% of tenants at site choosing to take supply from the embedded network. The average cost saving for these tenants is around 15%.

1.1.2 Sales process:

The sales process is robust and transparent:

- Stockland educates tenants on the embedded network process, ensuring they are making an informed decision about whether to join the embedded network or not.
- The marketing material and correspondence highlights that tenants have a right to select an authorised retailer of their choice.
- For those tenants who wish to retain their current supply arrangements, Stockland provides information on the recovery of shadow regulated network charges.

1.1.3 Tenants who wish to purchase from an authorised retailer:

If a tenant chooses to remain with their authorised retailer, the price they pay for energy charges will remain unchanged. This is because Stockland ensures that tenants who choose to stay with their authorised retailer are charged the same regulated network charge that currently pertains to their National Meter Identifier (NMI).

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

- Acknowledges that their premises are located inside an embedded network and that they have chosen to purchase electricity from an authorised retailer of their choice; and

- Authorises Stockland (or their contracted agent) to receive the relevant meter data held under their name for the purpose of calculating and recovering the regulated network charges.

1.1.4 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, Stockland will offer to match or better the price the tenant was paying prior to the creation of the embedded network.

For large customers, Stockland have agreed to reimburse any additional fees associated with additional bill validation costs, provided those costs are transparent and proven.

1.1.5 Tenant Consent:

Stockland considers that if a tenant enters into a sale of energy agreement with Stockland or signs a letter of authority authorising Stockland (or their nominated representative) to receive relevant meter data, then tenants are providing fully informed consent to join the embedded network.

The Letter of Authority clearly states the tenant is agreeing to participation in the embedded network and that they authorise Stockland (or their authorised representative) to access meter data related to their NMI.

If the tenant does not sign a Letter of Authority allowing access to meter data then Stockland will attempt to enter into an agreement with the tenant's retailer for the recovery of network charges.

1.1.6 Additional benefits to tenants:

- Monthly invoices - which assist with cash flow management for small business tenants at site.
- Dedicated customer service line, where calls are answered promptly and issues are resolved efficiently.

1.1.7 Submission of different exemption application:

- This individual exemption application has been lodged following recent communications with the AER who expressed an opinion that an individual exemption application for this site is preferable and more appropriate for Stockland Merrylands Shopping Centre rather than a registrable exemption.
- Stockland have therefore taken the AER's recommendation and resubmitted the application for exemption in the form of an individual exemption.

What will happen if a tenant chooses to remain with an alternative retailer of their choice?

Where a tenant chooses to remain "on market" and not purchase their electricity from the embedded network, the tenant will be asked to sign a Letter of Authority authorising the tenants

meter data to be sent to our ENM and / or Stockland for the purposes of billing for network charges only, shadowing their existing regulated network tariff.

Where a tenant chooses not to purchase their electricity from the embedded network or sign a Letter of Authority, Stockland will request the tenant to sign a Letter of Consent.

Where a tenant chooses an electricity retailer who is willing to enter into a B2B arrangement with our nominated ENM for recovery of NuoS charges, our ENM will invoice the chosen electricity retailer directly for NuoS charges, allowing the tenant to receive "one bill".

Where a tenant chooses an electricity retailer who is not willing to enter into a B2B arrangement for the recovery of NuoS charges, then tenant will receive a Network only invoice from Stockland, shadowing their existing regulated network tariff.

To ensure tenants are not disadvantaged by their chosen electricity retailer not being able to provide an energy only account and not being willing to enter into a B2B arrangement for the recovery of NuoS charges, Stockland will offer to match the electricity price the tenant was paying prior to the creation of the embedded network. Acceptance of this offer will be via an Electrical Sale Agreement.

Stockland will ensure all on-market customers in the embedded network will be correctly allocated a NMI which will be visible to the ENM and all market participants setup correctly.

Stockland prides itself on providing a quality service and on-going benefits to their tenants. The tenants will benefit from the embedded network through access to favourable electricity pricing and customer service.