

APPLICATION FOR INDIVIDUAL EXEMPTION

STOCKLAND GREEN HILLS SHOPPING CENTRE

General Information Requirements

1. Legal Name

Stockland Trust Management Limited ACN 001 900 741 as responsible entity for Stockland Trust ARSN 092 897 348 (**Applicant**)

2. Trading Name

Stockland Green Hills Shopping Centre

3. Australian Company Number (ACN)

ACN 001 900 741

4. Registered Postal Address for Correspondence

C/- Stockland, Level 25, 133 Castlereagh Street, Sydney, NSW, 2000

5. Nominated Contact Person

Mr Jim Tatsis

P: 02 9035 3212

E: jim.tatsis@stockland.com.au

C/- Stockland, Level 25, 133 Castlereagh Street, Sydney, NSW, 2000

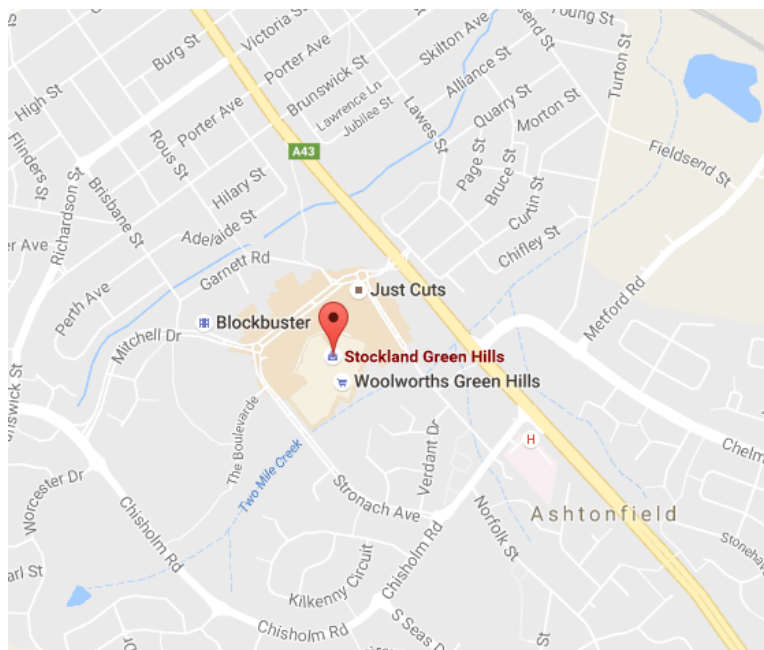
6. Why you are seeking an individual exemption, and why you believe that an exemption (rather than retailer authorisation) is appropriate to your circumstances?

The Applicant is seeking an individual exemption for the retrofit of an existing network, as per the current AER requirements that all embedded networks retrofitted after 1 January 2015 require individual exemption, to an Embedded Network located at the Stockland owned and operated Green Hills Shopping Centre.

The Applicant is a wholly owned subsidiary of Stockland Property Management Pty Limited ACN 000 059 398 (**Property Manager**), the property manager of the Green Hills Shopping Centre. The proposed on-selling activities proposed to be conducted by the Applicant are a part of the property management services provided by the Property Manager.

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.

Green Hills Shopping Centre is located at 1 Molly Morgan Dr, East Maitland NSW 2323 and officially opened for business in March 1990. The site is currently and will continue to be operated as a shopping centre in the foreseeable future.



GREEN HILLS SHOPPING CENTRE

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

The Property Manager's primary activity is operation and management of shopping centres. The Applicant is the owner of the shopping centre and its primary activity is the leasing of shops to tenants at the shopping centre.

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.

Green Hills Shopping Centre is connected to the local electricity distribution network via 3 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?

The Applicant currently intends selling energy from the date the AER grants the individual exemption.

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
Green Hills Shopping Centre
1 Molly Morgan Drive
East Maitland NSW 2323

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.**

The Stockland group has approximately 51 sites on the NEM where electricity is sold via Embedded Networks, including a number in respect of which WINconnect Pty Ltd (ACN 112 175 710) (**WINconnect**) is engaged to provide billing agency and other management services. These include:

Shopping Centre	State	EN Live	Energy	Small Tenants	Large Tenants	Total Tenants
Merrylands	NSW	Feb 2015	Electricity	216	9	225
Shellharbour	NSW	Feb 2015	Electricity	266	8	274
Bathurst	NSW	Oct 2015	Electricity	44	1	45
Wetherill Park	NSW	Feb 2015	Electricity	190	8	198
Cairns	QLD	Jun 1984	Electricity	120	10	130

The proposed activities related to the key functions of the Embedded Network are as follows:

- i. Sales and marketing to small and large customers will be conducted by the Applicant's representative, WINconnect;
- ii. Meter readings, data management and production of customer bills will be managed by WINconnect;
- iii. Customer bills will be issued to customers of the Embedded Network in a format compliant with the AER's Core Exemption Conditions;
- iv. WINconnect will manage the debt collection process for and on behalf of the Applicant; and
- v. WINconnect will, as the Applicant's agent, manage all relevant licences and compliance with all applicable legislation. The Applicant will remain responsible for all compliance and legislative obligations as the registered entity of the individual exemption. Furthermore, the Applicant has in place a management team who will be overseeing relevant licences and compliance.

WINconnect has in place a Customer Complaints Handling Procedure, a copy of which is attached.

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 sites listed in the above table have the following exemptions:

- Merrylands: NR1 and NRO5; IE (retail)
- Shellharbour: NR1 and NRO5; IE (retail)
- Bathurst: NR1; IE (retail)
- Wetherill Park: NR1 and NR5; IR (retail)
- Cairns: R1 and R5; N1 and 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 the Applicant could no longer supply electricity to the tenants, the Embedded Network is designed, via metering configuration, to allow the tenant to enter into an Electricity Sale Agreement 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.
- There are no residential customers as part of this 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, the Property Manager provides property management services to tenants at the Green Hills Shopping Centre. A separate Stockland entity leases the premises to the retail and commercial tenants.

- 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: 57
- Number of small business tenants: 54
- Number of large business tenants: 3
- 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?**

The Applicant 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.**

The Applicant has formed an electricity agreement with an authorised electricity retailer for a term of three years commencing on 1st July 2017.

- 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 annual consumption of the shopping centre: 5,970 MWh.
- The estimated annual consumption of small business load is: 1,180 MWh.
- The estimated annual consumption of large business load is: 4,790 MWh.
- 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.

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)?

The Applicant will install manually or remotely read interval metering 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 freedom of choice of retailer and metering provider.

The upfront costs of the Embedded Network installation will be borne by the Applicant. There will be no upfront costs charged by the Applicant to the tenant to switch between an on-market or off-market electricity supply arrangement.

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?

All electricity metering installed in this Embedded Network will be National Measurement Institute approved utility electricity meters. All electricity meters installed will comply with the National Electricity Rules, Electricity Customer Metering Code with the National Measurement Act 1960 (Cth) requirement for electricity meters installed from 1 January 2013.

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 WINconnect as agent for and on behalf of the Applicant.

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

N/A, all customers will be separately metered.

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

Monthly invoices will be produced and provided to customers by WINconnect as agent for and on behalf of the Applicant.

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

WINconnect 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 complaints or issues.

A formal complaint can be lodged with the Applicant through WINconnect who will manage the complaint in accordance with its Customer Complaints Handling Procedure, a copy of which is attached.

If the dispute cannot be resolved by WINconnect or the Applicant the customer may seek independent advice from the Energy and Water Ombudsman NSW (EWON) at any time. The Applicant understands that EWON has jurisdiction to receive and investigate complaints embedded networks customers.

The AER is currently receiving submissions from interested stakeholders on an issues paper discussing access to dispute resolution services for exempt customers. If there are rule changes which arise from the issues paper, then the Applicant will revise their current dispute resolution procedure to be compliant with the revised rules.

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 this Embedded Network.

If they do become available in the future, then the Applicant 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?

The Applicant has installed a small solar PV at the site. The Applicant intends to install a larger solar PV in November 2017. Should this occur, it is proposed that net metering will be used.

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

Mitigation of Detriment: Retail Contestability and Competitive Offers

Advice was sought from the electricity distributor for the area (Ausgrid) regarding how to leave customers out of the network conversion. Ausgrid advised that customers can only be left out of the network conversion if they are physically wired upstream of the Parent Gate Meter. There are currently 8 tenants wired upstream of the proposed embedded network; these tenants have not been included in the consent campaign. For all other customers within the embedded network, they will have full retail contestability and access to competitive offers from their retailer of choice through the metering arrangement.

The Applicant will conduct ongoing price reviews by gathering market intelligence on existing electricity offers. This will ensure customers receive up to date competitive rates as they change.

Additional information which addresses Mitigation of Detriment: Retail Contestability and Competitive Offers has been included in the *Letter of Intent* and *Frequently Asked Questions* documents which have been distributed to each customer and are accompanying documents for this application.

With the upcoming Power of Choice reforms (including rule changes relating to Embedded Networks and Competition in Metering and Related Services) effective 1st December 2017, retail contestability and competitive offers for customers will be well facilitated by these reforms. The Power of Choice reforms will mitigate any retail contestability or competitive offer detriment to customers within the embedded network by creating the Embedded Network Manager (ENM) role in order to facilitate customer churns.

Mitigation of Detriment: Customer Dispute Resolution Services

Please refer to the accompanying documents *Stockland Green Hills - WINconnect Customer Complaints Handling Procedure* and *Frequently Asked Questions*

Mitigation of Detriment: State of Territory Legislation

As this site is governed by NSW legislation, all customers within the embedded network will have the meter arrangement configured for full access to retail competition.

Efforts to Obtain Explicit Informed Consent

The Applicant has written to all tenants advising them of its plans to implement a retrofitted Embedded Network at the shopping centre and to seek their explicit informed consent to proceed with the planned retrofit. The below Conditions state the information contained within each communication.

Details of the consent campaign have been summarised in the form of a report which is an accompanying document for this application. Included within the consent campaign report are:

- Reasons for tenants' consent
- Reasons for tenants' non-consent
- Sign up percentage
- Steps to mitigate tenants' concerns about the proposed retrofit

CONDITION 1 – Provision of information to tenants regarding embedded network retrofit

1. The communication to tenants has advised them via written notice in the form of a *Letter of Intent* and *Frequently Asked Questions*:
 - a. The tenant's right to choose their own retailer, even within an embedded network;
 - b. The tenant's ability to enter into an energy only contract with an authorised electricity retailer;
 - c. The obligations regarding electricity offer matching; and
 - d. The obligations regarding duplication of network fees
2. A copy of the electricity sales agreement to be offered by the Applicant.
3. The contact details of a representative of The Applicant who will address any concerns and queries relating to the planned retrofit.

Once the individual exemption application has been published by the AER on their website, The Applicant will inform all tenants via written notification of the public consultation process and their right to make a submission to the individual exemption application.

A sample *Letter of Intent, Frequently Asked Questions* and *Electricity Sales Agreement* is attached to this application. The Letter of Intent and Frequently Asked Questions was issued to tenants by email and hand delivery on 02/05/2017.

CONDITION 2 – Collecting and recording explicit informed consent

1. The Applicant has provided the tenant with information set out in Condition 1, prior to seeking the tenant's explicit informed consent to the retrofitting of the embedded network.
2. The Applicant has kept records of the consent obtained. These records have:
 - a. Included copies of the information provided to tenants.
 - b. Included records of consultations and meetings held with tenants.
 - c. Identified and recorded which tenants have not consented and the reasons for non-consent.
 - d. Recorded the outcome of any negotiation and/or dispute resolution with tenants.

The Applicant can provide these records upon request from the AER. At the time of submission, the consent level is at **87.77%**

3. The Applicant has obtained the tenant's consent for the retrofit in a separate document, that is, the document recording the tenant's consent to the retrofit is separate to the document acknowledging that the tenant is selecting The Applicant as their electricity supplier.

A sample *Letter of Consent* which was distributed to all tenants is attached to this application. The Letter of Consent was issued to tenants by post on 11/05/2017 and by email on 12/05/2017.

CONDITION 3 – Offer matching for large customers

1. If a tenant who is categorised as a large electricity customer, did not consent to becoming part of the embedded network, The Applicant has attempted to:
 - a. Facilitate, within the embedded network, the continuation of the tenant's electricity contract with their current retailer, or if this is not practical,
 - b. Maintain the tenant's direct connection to a registered distributor, or, if neither (a) and (b) are practical
 - c. Fulfil a request made by the tenant that The Applicant match any genuine electricity offer that would be available to the particular tenant if they were still a grid connected customer.
2. The Applicant will fulfil any subsequent request made by a tenant to match an electricity offer if the request is made 12 months or more after a previous request.
3. In the absence of a subsequent request to match an electricity offer, The Applicant will only apply the matched offer for a period of 12 months.
4. The Applicant's obligation to match an electricity offer expires upon termination or renewal of the large customer's tenancy/lease.

CONDITION 4 – Offer matching for small customers

1. If a tenant, who would be categorised as a small electricity customer, did not consent to becoming part of the embedded network, The Applicant has informed the tenant that The Applicant can match any genuine electricity offer that would be available to the particular tenant if they were still a grid connected customer.
2. The Applicant will fulfil any subsequent request by a tenant to match an electricity offer if the request is made 12 months or more after a previous request.
3. In the absence of a subsequent request to match an electricity offer, The Applicant will only apply the matched offer for a period of 12 months.
4. The Applicant's obligation to match an electricity offer will expire upon termination or renewal of the customer's tenancy/lease.

CONDITION 5 – Duplication of network charges

1. The Applicant will take steps to remedy any duplication of network charges experienced by tenants who have entered into an energy only contract with an authorised retailer. This condition only applies if the customer was a tenant at the time of the creation of the embedded network.
2. The Applicant will not charge a connection charge to any tenant who enters into an energy contract with an authorised retailer.

CONDITION 6 – Metering arrangements

1. The Applicant will not charge tenants the cost of any changes to metering and other network alterations that take place in the course of retrofitting the embedded network.
2. The Applicant has ensured that metering arrangements within the embedded network allow for exempt customers to access retail competition.

Incoming Tenants

All future tenants who move into the Embedded Network will have the presence of the embedded network as well as all of the conditions and their rights within an embedded network disclosed to them as part of their lease documents and also with a *Letter of Intent and Frequently Asked Questions*. Where tenants move in during the AER's public consultation period, those tenants will be informed of their right and the process to make a submission to the individual exemption application. [

Greenfield Section

This individual exemption application is for the retrofit of the **brownfield section** of Stockland Green Hills Shopping Centre only. There is an existing greenfield section of the shopping centre where a registrable retail and network exemption (R1 and NR1) is in place for the existing greenfield embedded network. Refer to AER reference E-3149 on the AER's public register of exemptions for details of the existing registrable exemption for the greenfield section of Stockland Green Hills Shopping Centre.

Accompanying documents (strictly confidential):

1. *Stockland Green Hills - Letter of Intent*
2. *Letter of Intent - Frequently Asked Questions*
3. *Stockland Green Hills - Letter of Consent – SME*
4. *Stockland Green Hills - Letter of Consent - CI*
5. *Stockland Green Hills - Terms and Conditions*
6. *Stockland Green Hills - WINconnect Customer Complaints Handling Procedure*
7. *Public Consultation Notification*
8. *Stockland Green Hills Consent Campaign Report*