

# SHOPPING CENTRE

COUNCIL OF AUSTRALIA

11 November 2011

Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

By email: [AERinquiry@aer.gov.au](mailto:AERinquiry@aer.gov.au) – Attention Paul Dunn.

Dear Mr Dunn

## **AER (Draft) Electricity Network Service Provider Registration Exemption Guideline**

The Shopping Centre Council of Australia (SCCA) appreciates the opportunity to comment on the Australian Energy Regulator's (AER) second round of consultation on the *Draft Electricity Network Service Provider Registration Exemption Guideline*. This submission complements our submission dated 12 August 2011 during the previous round of consultation. Unfortunately we have to repeat most of our previous comments and recommendations, as they have not been incorporated in the revised Draft Guideline.

The SCCA represents Australia's major owners and managers of shopping centres. Our members include: AMP Capital Investors, Brookfield Office Properties, Centro Properties Group, Charter Hall Retail REIT, Colonial First State Global Asset Management, DEXUS, Eureka Funds Management, GPT Group, Ipoh, ISPT, Jen Retail Properties, Jones Lang LaSalle, Lend Lease, McConaghy Group, McConaghy Properties, Mirvac, Perron Group, Precision Group, QIC, Savills, Stockland, Westfield Group and the Westfield Retail Trust.

We broadly support the proposed framework outlined in the Draft Guideline. As mentioned in our previous submission, for most of our members, there will be a requirement to register under multiple categories for both the retail and network service provider exemptions. While the retail exemptions have not yet been finalised (although we understand they are due to be released shortly), and we appreciate the AER's intention to "closely align" both sets of guidelines and exemptions, we would urge the AER to implement clear measures to streamline this process. We are keen to avoid situations where one application is approved whilst another is declined for the same entity and property, particularly on similar grounds. In the event that applications are approved, we would be keen to avoid duplicative approval conditions.

### *Deemed / Registrable Exemptions*

Once again, we highlight our concern that the proposed ND7 exemption would not be applicable to the whole aspect of a network within a shopping centre; but just the common areas. We believe the exemption should apply to the whole network and would recommend that ND7 is amended to enable this outcome.

We welcome the proposed deemed exemptions for 'other situations' such as NDO3 (relating to electric vehicle charge points) and NDO4 (relating to the temporary supply during the construction and commissioning phase). However, once again, we would urge the AER to provide a deemed exemption class for emergency energy supply.

The proposed general exemption approach for shopping centres is covered under NR1, which is similar to the last draft version of the general retail exemption framework we reviewed, in that it expires on 1 January 2015 and individual exemptions will be required from that time. The exemption NR5 will also be relevant for our members where they are engaged in on-selling to large customers (100 MWh per annum and above).

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### *Off-market and on-market energy generation*

We welcome the further clarification in relation to off-market and on-market energy generation, particularly in relation to Registrable exemptions NR01 and NR02, including the position that "it is not intended that small generator installations within private networks should be exposed to unduly onerous metering requirements". For our members, this relates to installations such as cogeneration and trigeneration.

### *Pricing*

We welcome the AER's revised position in relation to external network charges, where there is the option for charges borne by each customer to be determined on a 'shadow price' basis, in addition to the apportionment approach. This is more consistent with the standard practice of charging exempt customers a bundled bill (as described for Charge Group A on page 15).

We are concerned however about the limitations on private internal network charges, and the AER's position that "few, if any, situations currently exist where such charges are warranted". We believe that where an operator of an embedded network believes that such charges are warranted, they should be able to seek consideration and approval from AER on this issue, particularly as part of the Registrable exemption process, or a process similar to the 'variation of conditions' application process under Part C (Section 12).

### *Child meter data responsibility*

Once again, in relation to General Condition 8, while we support that embedded networks should have a metered supply, we do not believe that meter data agents are necessary. We believe the AER's objectives can be achieved in other ways.

### *Metering installation / replacement*

We still have concerns with General Condition 6 (Part B). The previous reference which clarified that the "AER does not require pre-existing metering installations to be upgraded" has been removed. We believe that this previous position should be re-instated. Further, there is still the requirement that "meters installed prior to the commencement date may be subject to the terms of an exemption under the National Measurement Act as amended from time to time" (page 9 of Guideline). We do not believe that our members should be required to replace or upgrade their existing meters once the new framework commences, or the NMI issues an exemption "from time to time". This current proposal provides significant uncertainty, as well as potential significant costs and work programs to replace existing meters.

### *Transferring property ownership*

Similar to our recommendation in relation to the proposed retail exemptions, there needs to be a mechanism for transferring property ownership, which occurs due to merger and acquisition activity. A transfer of ownership should not require a fresh application, which could risk the asset becoming redundant or require rectification. Despite the General Condition 5 (8), which provides an updated position to the previous Draft Guideline and states that "Registrable exemptions require minimal effort for a new network proprietor to obtain", this process will require some costs to be borne by an applicant. A mechanism where the AER is advised of the change of ownership details would enable simpler administration of the scheme.

### *DNISP recognition of embedded networks*

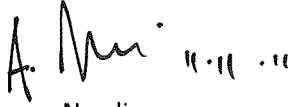
Our members still experience issues where Distribution Network Service Providers (DNISP's) have a negative approach to embedded networks. We believe the AER has an opportunity to help address this issue as it goes to the heart of some of the other changes the AER is seeking to implement through the new framework. We would be pleased to provide some detailed examples on this issue.

Where there are child meters, there needs to be clarification around who installs and manages the data from these meters, as well as the costs of change-over and ongoing maintenance. To facilitate a streamlined national approach to this matter, there needs to be consistency between jurisdictions and greater efforts on the part of traditional energy retailers and DNISP's to provide processes and technology to facilitate retailer of choice.

Thank you for the opportunity to provide this submission on the proposed network service provider exemptions.

We would welcome an opportunity to further discuss this submission in more detail with the AER. I can be contacted on 02 9033 1930 or [anardi@scca.org.au](mailto:anardi@scca.org.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Nardi', followed by three horizontal lines.

Angus Nardi  
**Deputy Director**