

APPLICATION FOR INDIVIDUAL EXEMPTION

TWEED CITY



General Information Requirements

1. Legal Name

DEXUS PROPERTY SERVICES PTY LIMITED (The Applicant)

2. Trading Name

Tweed City

3. Australian Company Number (ACN)

66 080 918 252

4. Registered Postal Address for Correspondence

C/- DEXUS Funds Management Limited
Australia Square
Level 25
264 George Street
Sydney NSW 2000

5. Nominated Contact Person

Brett Rolls

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 Shopping Centre to an Embedded Network.

The proposed on-selling activities are incidental to The Applicant's core business 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 brief description of this site and its current and future use/s.

The Applicant intends to continue operating the site as a shopping centre in the future.

The address of the site is:
54 Minjungbal Drive, Tweed Heads NSW 2486



TWEED CITY

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

The Applicant's primary activity is operation 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.

The form of energy is electricity.

The shopping centre is connected to the local electricity distribution network via 6 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?

1st July 2019

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.

Tweed City Shopping Centre
54 Minjungbal Drive, Tweed Heads NSW 2486
PO Box 6001, Tweed Heads South NSW 2486

- 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 Applicant has multiple sites on the NEM where electricity is sold via Embedded Networks with WINconnect as the Embedded Network Service Provider. Details of these sites are provided in the below table:

Shopping Centre	State	EN Live	Energy	Small Tenants	Large Tenants	Total Tenants
Willows	QLD	01/07/2017	Electricity	155	10	165
Smithfield	QLD	01/07/2017	Electricity	120	6	126
Beenleigh Mall	QLD	01/11/2018	Electricity	60	1	61

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 chosen Embedded Network Service Provider WINconnect;
- ii. Meter readings, data management and production of customer bills will be managed by The Applicant's Embedded Network Service Provider, 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. The Applicant's Embedded Network Service Provider, WINconnect, will manage the debt collection process;
- v. The Applicant's Embedded Network Service Provider, WINconnect, will manage all customer enquiries and has in place a Complaints Handling and Dispute Resolution Policy consistent with the Australian Standard AS/NZS 10002:2014 *Guidelines for complaint management in organizations*.

- 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.**

As per the table of sites provided in Question 13, all sites have Registered Retail Exemptions (R1 and R5) and Network Exemptions (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 will be designed 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

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

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.

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, The Applicant is providing retail and commercial premises for lease;
The leases to retail tenants will be covered by the relevant Retail Shop Leases Act.

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)?

Total number of tenants: 141
Number of small business tenants: 135
Number of large business tenants: 6
No residential customers will be part of this Embedded Network.

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)?

The estimated annual consumption of the shopping centre: 4,663 MWh;
The estimated annual consumption of small business load is:
The estimated annual consumption of large business load is:
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. For unmetered supply, state how you will determine energy charges?

Yes, each premise 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, meters installed will meet the *minimum services specification* as outlined in Chapter 7 of the National Electricity Rules and will be fit for purpose for full retail contestability if the customer wishes to change retailers. Furthermore, WINconnect have adopted processes to meet the requirements of the new Power of Choice legislation which took effect from 1st December 2017.

24. 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 The Applicant's Embedded Network Service Operator, WINconnect.

25. What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues? Confirm whether it is consistent with the Australian Standards: AS/NZS 10002:2014 Customer Satisfaction - Guidelines

The Applicant's Embedded Network Service Provider, WINconnect, will provide customers with 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 to the Embedded Network Service Provider, WINconnect, who will manage the complaint as per their Complaint and Dispute Resolution Policy and related procedures and will escalate to The Applicant where necessary. Their Complaint and Dispute Resolution Policy is consistent with AS/NZS 10002:2014.

If the dispute cannot be resolved with the Embedded Network Service Provider, WINconnect, or The Applicant, the customer may seek further information and advice on direction only from the Energy and Water Ombudsman NSW (EWON). Whilst the Ombudsman service will not have Jurisdiction to enforce decisions on the applicant the customer) may choose to lodge a dispute with the NSW Civil and Administrative Tribunal (NCAT).

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

Supplementary information is contained within the appendices to this application which includes:

Please note: some of the appendices contain confidential intellectual property and personal information, we ask that that the appendices not be published with the application and be used for review purposes only.

- a. Appendix A – Sample Letter of Intent including Pricing Offer
- b. Appendix B – Sample Frequently Asked Questions
- c. Appendix C – Sample Letter of Consent SME & C&I
- d. Appendix D – Sample Further Information Document
- e. Appendix E – Sale of Energy Agreement
- f. Appendix F – Complaints Handling Procedure
- g. Appendix G - Copies of All Consent Letters
- h. Appendix H – Consent and Marketing Campaign Report
- i. Appendix I - Communications Log with Tenants - including dates consented
- j. Appendix J - Notice of Submission & Public Consultation – to be communicated

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, all affected tenants have been issued with a Letter of Intent and Frequently Asked Questions sheet which details this information.

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

Yes, all affected tenants have been issued with a Letter of Intent and Frequently Asked Questions sheet which details this information.

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, all affected tenants have been issued with a Letter of Intent and Frequently Asked Questions sheet which details this information.

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, all affected tenants have been issued with a Letter of Intent and Frequently Asked Questions sheet which details this information.

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

Yes the electricity sales agreement containing all fees and tariffs were provided to tenants. Links to the terms and conditions which details the state specific fees and charges were provided in the Frequently Asked Questions Sheet. Rates and tariffs were provided as an attachment to the Letter of Intent.

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

Yes, the WINConnect representative’s contact details were provided on the Letter of Intent and Letter of Consent.

Samples of our Letter of Intent, Letter of Consent, Frequently Asked Questions, Sale of Energy Agreement and the new additional further information document are included as part of this Application.

Explicit Informed Consent

To demonstrate that you have obtained customer consent you need to address the following:

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

We have received 85.11% of written consent from customers affected by the retrofit as of 19/12/2018.

Table 1 – Tweed City Consent Progress

Total number of tenants	141
Number of consented tenants	120
Number of non-consenting tenants	13
Number of tenants who have not responded	8
Percentage of consented tenants	85.11%

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

The consent letter was sought separately from the sale of energy agreement. Our consent letter states clearly that signing the consent letter did not constitute the tenant entering into a sale of energy agreement.

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

Please refer to the attached Consent and Marketing Campaign Report which details views of all consenting and non-consenting customers along with their reasons for their decisions.

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

Winconnect understands Essential Energy embedded network processes and procedures relating to wiring out of customers for Tweed City. WINconnect have had conversations with Essential about wiring out of non-consenting customers and assuming all service and installation rules are followed, Essential will approve the wiring out of individual customers from the embedded network in their network distribution area. Essential Energy will provide approvals based on the electrical design submitted as part of the application to connect process. WINconnect have not provided an option to the thirteen non-consenting customers to be wired out. WINconnect has obtained advice from the electrical contractor that the cost to wire-out these customers would be approx. \$80K-\$100K per customer. We consider this to be cost prohibitive to the viability of the Embedded Network overall, therefore each tenant has been provided two alternative options:

1. The tenant can remain with their existing retailer (as a child) and WINconnect (as Dexus's agent) will use its best endeavors to enter into a NUOS arrangement with the tenant's retailer to ensure that the tenant receives one bill.
2. WINconnect (as Dexus agent) has offered to match the tenant's retail pricing provided that it is based on a genuine electricity offer from another retailer.

Please note WINconnect have previously experience in wiring out customers when the existing electrical design and cost is viable.

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.

Please refer to the Consent and Marketing Campaign Report. Measures we have offered to non-consenting customers in order to mitigate their detriment due to the embedded network conversion include:

- a. Price-matching or bettering their genuine electricity offer;
- b. Offered to offset financial disadvantage, if any, to the affected tenants.

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, the dispute resolution process and options for external dispute resolution procedures have been outlined in our Frequently Asked Questions sheet distributed to affected tenants.

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.

Yes, the AER consultation process has been detailed in the Frequently Asked Question sheet distributed to affected tenants. Notice of the open consultation period will be sent to tenants by letter and email once the AER has advised the date for which submissions are open

Appendix A – Sample Letter of Intent including Pricing Offer

Appendix B –Sample Frequently Asked Question Sheet

Appendix C – Sample Letter of Consent SME and C&I

Appendix D – Sample Further Information Document

Appendix E – Sale of Energy Agreemen

Appendix F – Complaints Handling Procedure

Appendix G – Copies of All Consent Letters

Appendix H – Consent and Marketing Campaign Report

Appendix I – Communications Log with Tenants - including dates consented

**Appendix J – Notice of Submission & Public Consultation –
to be communicated**