



ISPT Pty Ltd

Individual Exemptions Application

04 December 2018

1. **Fletcher Village**, Fletcher NSW
2. **Kincumber Village**, Kincumber NSW
3. **Richmond Market Place**, Richmond NSW
4. **Wagga Wagga Market Place**, Wagga Wagga NSW

ISPT

ISPT has a proud record of investing in energy-efficient buildings in line with their corporate values of responsibility and sustainability. ISPT assets include some of Australia's greenest A Grade office sites and their commercial property portfolio has achieved a high 4.8-star average energy efficiency rating under the National Australian Built Environment Rating System (NABERS). These smarter energy practices are also highly cost-effective, producing \$27 million in savings for ISPT and our customers and tenants over the past decade.

In the same spirit of sustainable investment practices, ISPT has initiated the first phase of a National Solar Project, installing solar photovoltaic (PV) panels on the rooftops of 13 major buildings across our portfolio. Some 13,000 sqm of solar PV panels installed across commercial buildings and retail centres and began converting sunlight to electricity since late 2017. This renewable energy turns supply power to more than 350,000 sqm of office and retail space.

ISPT extensive electricity infrastructure upgrade will be across 19 centres includes the addition of renewable energy generation and meter and switchboard upgrades.

"The solar PV rollout is about positioning our portfolio to be at the forefront of the move to clean energy, taking an industry-leading position that will deliver value for our tenants, dividends for our investors and better solutions for our environment," said chief executive Daryl Browning...

Over the past 12 months, ISPT has seen an increase of 70% in electricity pricing and to reduce our risk to the volatile electricity market and to lower the impact of electricity prices to our tenants, ISPT intends to introduce an electrical embedded network at 19 Shopping Centres. With this, ISPT will look to become the electricity retailer where tenants will purchase power from ISPT at a cheaper rate than the current energy market.

The capital works to implement the embedded network will be funded by ISPT and consists of the installation of a gate/parent meter which consolidates the usage of all tenants who opt to purchase energy from the embedded network. Tenants opting to purchase power from the embedded network also have their meter upgraded to an embedded network meter during this process.

With the ongoing issues in the energy industry (e.g. supply, pricing and volatility), ISPT see this as an exciting opportunity to provide low cost and reliable energy and a step forward in infrastructure management allowing greater transparency in utilities management.

As part of this, it is ISPT's intent to introduce Electrical Embedded Network through a Staged approach.

PHASE ONE OF RETROFITS

Phase One of this program will include an application for individual exemptions of the retrofit of four (4) Shopping Centres;

1. **Fletcher Village**, Fletcher NSW
2. **Kincumber Village**, Kincumber NSW
3. **Richmond Market Place**, Richmond NSW
4. **Wagga Wagga Market Place**, Wagga Wagga NSW

The applicant provides the following information in relation to the AER Retail Exempt Selling Guideline - March 2018.

Part 1 : General information requirements

- 1 Your legal name. If you are a body corporate or community corporation, please indicate this.**

ISPT Pty Ltd ACN 064 041 283

- 2 Your trading name if different to your legal name.**

n/a

- 3 Australian Business Number (ABN) or Australian Company Number (ACN).**

ACN 064 041 283

- 4 Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.**

Level 11, 8 Exhibition Street, Melbourne VIC 3000

- 5 Nominated contact person, including their position in the organisation and contact details.**

Garry Hendrix
Senior Engineer, Sustainability & Technical Services
0447 222 634; GHendrix@ispt.net.au

- 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.**

The proposed electricity onselling activities are incidental to the Applicant's core business which is leasing of private retail space.

- 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.**

All four (4) sites are existing shopping centres. The Applicant intends to continue the four sites as shopping centre in the future.

NEW SOUTH WALES

- 1.**

Fletcher Village

Cnr Churnwood Dr And Minmi Road,
Minmi Rd, Fletcher NSW 2287

fletchervillage.com.au



2.

Kincumber Village

Cnr Avoca Drive and Bungoona Road, Kincumber NSW 2251

kincumbershoppingvillage.com.au

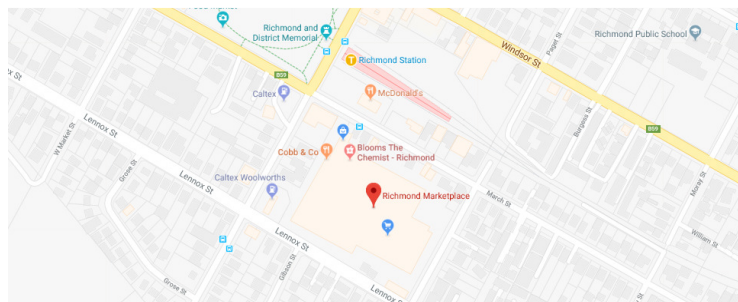


3.

Richmond Market Place

80 March St, Richmond NSW 2753

richmondmarketplace.com.au



4.

Wagga Wagga Market Place

87 Baylis St, Wagga Wagga NSW 2650

waggamarketplace.com



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

The Applicant’s primary activity is acquiring, development and the ongoing management of shopping centres facilities and assets.

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 four Embedded Networks will be connected to both the local network service provider and solar installed at the Shopping Centres.

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.

Approximately 1st May 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.

Level 11, 8 Exhibition Street, Melbourne VIC 3000

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 in the ISPT portfolio in QLD. These Embedded Networks are currently managed through various third party network service providers.

SITES	STATE	DATE	TENANT QTY	MWh p/a	TYPE
The Regent	QLD	07/2015	2	148,392	Commercial
Mango Hill Marketplace	QLD	04/2018	26	1,446 pro rata	Retail/Commercial
100 Creek Street	QLD	07/2015	15	1,734,833	Commercial
170 Queen Street	QLD	04/2016	11	1,799,358	Retail/Commercial
155 Queen Street	QLD	07/2015	2	820,579	Retail/Commercial
Bracken Ridge Plaza	QLD	06/2015	28	1,258	Retail/Commercial
Central Plaza One	QLD	07/2015	31	2,801,434	Commercial
Green Square	QLD	07/2015	13	1,860,513	Retail/Commercial
Wintergarden Queen Mall	QLD	07/2015	76	7,207,078	Retail/Commercial

For the four Shopping Centres in this Individual Exemption application, the Applicant will outsource the following by the Applicant's elected Embedded Network Operator; Energy Intelligence;

- retrofitting of the embedded networks including the consent campaign, sales and marketing of small and large customers,
- metering services, billing and management of the embedded network,
- management of all relevant licences and compliance with all applicable legislation including Dispute Resolution Policy, and
- the appointment of Energy Intelligence (INTELENM) as the ENM for all Centres.

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 above sites have obtained a Registered Retail Exemptions (R1 and R5) and Network Exemptions (NR1 and NR5).

The Applicant does not hold a retail license/authorisation.

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 the Applicant 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.

Part 2 : 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 the Applicant’s tenants in all four (4) Shopping Centre, and are commercial/retail.

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

The Applicant primarily relation with the tenants is the provision of retail leasing space, which are provided under a lease signed between the tenant and the Applicant.

The leases to retail tenants will be covered by the relevant Retail Shop Leases Act.

18 What is the total number of customers 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).

SHOPPING CENTRES	STATE	SMALL	LARGE	EXCLUDED
1. Fletcher Village	NSW	14	1	2
2. Kincumber Village	NSW	18	2	0
3. Richmond Market Place	NSW	52	6	6
4. Wagga Wagga Market Place	NSW	88	2	4

There are NO residential customers at the four (4) sites.

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 energy from an authorised electricity retailer and renewable power generated from solar

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 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)?

SHOPPING CENTRES	STATE	mWh p/a	Avg Small	Avg Large
1. Fletcher Village	NSW	339	19	56
2. Kincumber Village	NSW	479	24	97
3. Richmond Market Place	NSW	916	10.7	60
4. Wagga Wagga Market Place	NSW	2,280	20	11

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 premises 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

24 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 the Applicant's billing agent.

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.

Energy Intelligence and the Applicant has a successful history in dealing with disputes as there have been minimal reported. One of the foremost reasons why disputes are minimal is the long term structured relationship between the lessor and lessee. Leases can range between 5 to 25 years and as such it is in the best interest of the ENO to identify and resolve issues with their customers. Most calls are managed and resolved whilst the customer is on the phone. Common queries are around rates, how to pay or contact updates.

The Applicant will be utilising Energy Intelligence's Customer Services resources to manage energy enquiries and disputes. Energy Intelligence manages over 80 Commercial and Retail Embedded Network across Australia, with the majority of their portfolio Shopping Centres. Their dispute resolution procedure reviewed and accepted, as part of the ENM accreditation and adheres to Australian Standards.

The purpose of the Energy Intelligence Standard Complaint and Dispute Resolution Policy is to:

- Recognise, promote and protect customer's rights to complain about their dealings with Energy Intelligence.
- Ensure that an accessible complaints management process is in place.
- Take appropriate action to resolve complaints as required.
- Provide a mechanism for resolving complaints in a timely, efficient and courteous manner.
- Record, assess and review complaints on an ongoing basis in order to improve the service we provide and products we offer.

Where the complaint has been escalated to senior management and the tenant is still not satisfied the dispute has been resolved, the tenant may have the matter heard by the appropriate Ombudsman, Court or Tribunal in the State where available.

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

The Applicant request that the AER considers this application as the Applicant has written to all tenants advising them of its plans to implement a retrofitted Embedded Network at the four shopping centres.

Disclosure to tenants

As a part of the information and education campaign to tenants, the Applicant has fully disclosed information as required in the Retail Exempt Selling Guideline – refer to Appendix A for a copy of this disclosure for existing tenants. The Applicant also disclosed a copy of the Sale of Energy Agreement between the Applicant and the tenant – refer Appendix B for a sample agreement.

High acceptance by tenants

Through the education and marketing phase, the Applicant have obtained explicit informed consent from the vast majority of tenants the four Shopping Centres. Over 85% of all affected tenants have provided such consent and we are continuing efforts to obtain explicit informed consent for the remaining tenants.

Mitigation of detriment - state or territory legislation

As “child” NMs allow tenants to purchase energy from an authorised retailer, the Applicant sees no detriment in state legislation that needs to be mitigated.

The Applicant has undergone a thorough process to obtain explicit informed consent from all tenants at the four Shopping Centres regarding the proposed embedded network installations. The process the Applicant has undertaken is:

- Initial communication in writing to all tenants regarding the proposal, including notification of their right to choose a retailer. This information is contained in Appendix A, Appendix B and Appendix C.
- Follow up communications made by Energy Intelligence (the Applicant’s subcontractor), including emails and calls to all tenants.
- Several site visits to the Shopping Centres to discuss any questions or concerns made by tenants face to face
- Notification of AER’s formal public consultation process (refer Appendix A)
- Attempts to mitigate concerns of non-consenting tenants. Please refer to Appendix D for more information on the Applicant’s approach to mitigating these concerns specifically.
- If an affected customer displays signs of a limited capacity to provide explicit informed consent, we will address these as they arise. There have been no instances of any signs of any limited capacity to voluntarily provide explicit informed consent.
- The Applicant requests consenting tenants sign a separate Consent Form (copy listed in Appendix A) and stores electronic copies of the executed consent forms on file. This is available upon request.

Information provided to tenants informing them about the embedded network retrofit include:

- Retrofit and what this means
- Retail contestability and their freedom of choice
- A tenant’s ability to enter into an energy only contract with an authorized retailer and that their choice of retailers may be restricted as some retailers are unable to bill energy only.
- Two invoice scenario for Tier 2 customers
- Possibility of receiving a duplication of charges in the initial EN stage and the ENO’s endeavour to rectify this
- An obligation to remedy any duplication of network fees
- Power of Choice Meters that will be installed
- Electricity offer matching as per conditions 4.9.3 and 4.9.4 of the NSP Exemption for the life of their lease.
- A sales agreement for prospective tenants
- Dispute resolution procedure

Accompany documents – strictly confidential

- Appendix A: Consent Form
- Appendix B: Sale of Electricity Agreement
- Appendix C: Consent Campaign Tenant Log
- Appendix D: Mitigating non-consenting customers

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

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

Yes

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

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.

In addition, you need to confirm that you have provided consumers with:

31 your electricity sales agreement, which details all fees and tariffs

See Appendix B: Sale of Electricity Agreement.

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

See Appendix A: Consent Form.

33 In your application you need to include samples of the information you have provided to consumers.

See Appendix A: Consent Form.

Explicit informed consent

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

34 confirm you have evidence of written consent from all customers affected by the retrofit

Yes, see Appendix A: Consent Form

35 confirm that consent was sought separately from customers for the retrofit and the energy sale agreement

The Applicant requests consenting tenants sign a separate Consent Form (copy listed in Appendix A) and stores electronic copies of the executed consent forms on file; available upon request.

See Appendix C - Consent Campaign Tenant Log for more details including communication logs from tenant's who have either not provided a response or have expressed explicit no's.

36 if customers expressed concerns, provide evidence of your attempts to resolve them.

See Appendix D: Mitigating non-consenting customers

Retail contestability

To demonstrate you have addressed any potential customer detriment resulting from a loss of retail contestability, you must confirm whether you have:

37 sought advice from the distributor about whether non-consenting customers can be wired out of the embedded network

Where a centre has tenants who refuse to provide consent, the Applicant along with their preferred electrical engineer and site electrician will review the options of wiring the tenant out of the EN.

38 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.

As per the requirements of the Retail Exempt Selling Guideline, we have mitigated this detriment by:

- The Applicant has notified all tenants via emails, phone calls and site visits to tenants at site; of a right to choose their own retailer, that they will receive two invoices if they choose not to purchase energy from the Applicant, and (for non-consenting tenants) that the Applicant will price match any genuine electricity offer that would be available to that grid connected customer.
- Where a tenant has requested to remain with their authorised retailer, the Applicant will facilitate competition by allocating “child” NMI to all tenants who choose to purchase energy from an authorised retailer. This allows tenants to remain with their existing authorised retailer under their current contract arrangement.
- Once the embedded network is installed, the Applicant will notify all authorised retailers to inform that either 1) the tenant has chosen to purchase energy from the Applicant, and request to cease billing from the date of embedded network install, or 2) the tenant has chosen to continue to purchase energy from their authorised retailer, and to cease invoicing for network charges effective the date of embedded network install. The Applicant has appointed an ENM to follow up with relevant market participants to request the AEMO Market Settlements and Transfer Solution (MSATS) is updated to reflect the embedded network installation minimising instances of double charging.
- Where a tenant notifies the Applicant of double charging, the Applicant’s agent will follow up with the relevant market participants to ensure this rectified. This is predicated on the tenant providing a Letter of Authority to engage with their authorised retailer on their behalf.
- The Applicant commits to ongoing annual price reviews to ensure the rates on-sold are competitive to rates a tenant would otherwise receive from authorised retailers.

Customer dispute resolution services

39 Have you advised customers of your dispute resolution process and options for external dispute resolution, such as ombudsman schemes?

The Consent Form (Appendix A) lists the dispute resolution process that will apply for the embedded network at the Shopping Centres. This resolution process also lists the customer’s ability for recourse to the NSW Civil & Administrative Tribunal (NCAT) if they are not satisfied with the internal dispute resolution.

AER Consultation

40 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