

# Lumiere CTS 32407

**ABN 72 358 808 160**

## **Application for Individual Exemption**

### **Part A: Public Application**

### **Part B: Private Application**

**(includes commercial benefit calculations and return on investment)**

***Application for individual exemption***

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Lumiere CTS 32407 is a Body Corporate which was established in 2004. The Body Corporate committee and has undergone consultation since March 2015 with various parties including the Australian Energy Regulator (AER) via Watt Utilities, Sargeant Strata and other body corporates managing their embedded network.

The consultation has been undertaken to ensure residents, as exempt customers, are protected by equitable regulatory arrangements required by authorised retailers under the law for the sale of electricity; that residents are afforded comparable rights to the 'power of choice' available to customers in the same jurisdiction and that residents are not denied customer protection under the change.

The objective of the consultation was to provide electricity saving's advice under the embedded network scenario as well as information regarding the physicality of an embedded network, in that residents were aware they would no longer have access to an alternative supplier of energy.

**1: Legal name** Lumiere CTS 32407

**2: Trading Name** Lumiere

**3: Australian Business Number (ABN)**  
72 358 808 160

**4: Registered postal address for correspondence**

PO Box 4549, Ashmore QLD 4214

**5: Nominated contact person** Matthew Samuels  
Strata Manager  
Sargeant Strata  
07 5539 6886  
matthews@sargeantstrata.com.au

Nik van den Bok  
Body Corporate Committee Member  
ncvdbok@aol.com

Jim Searle  
Building Manager  
manager@lumieregc.com

**6: Why you are seeking an individual exemption**

The Body Corporate intends to sell energy incidentally and is not the core business of the entity. The cost of having a retailer authorisation outweighs the benefits to customers for the amount of energy being sold.

The Body Corporate intends to sell energy to the residents of the building while protecting their rights to the 'power of choice' and is receptive to changing the metering infrastructure further to enable those residents the opportunity to continue as grid connect customers.

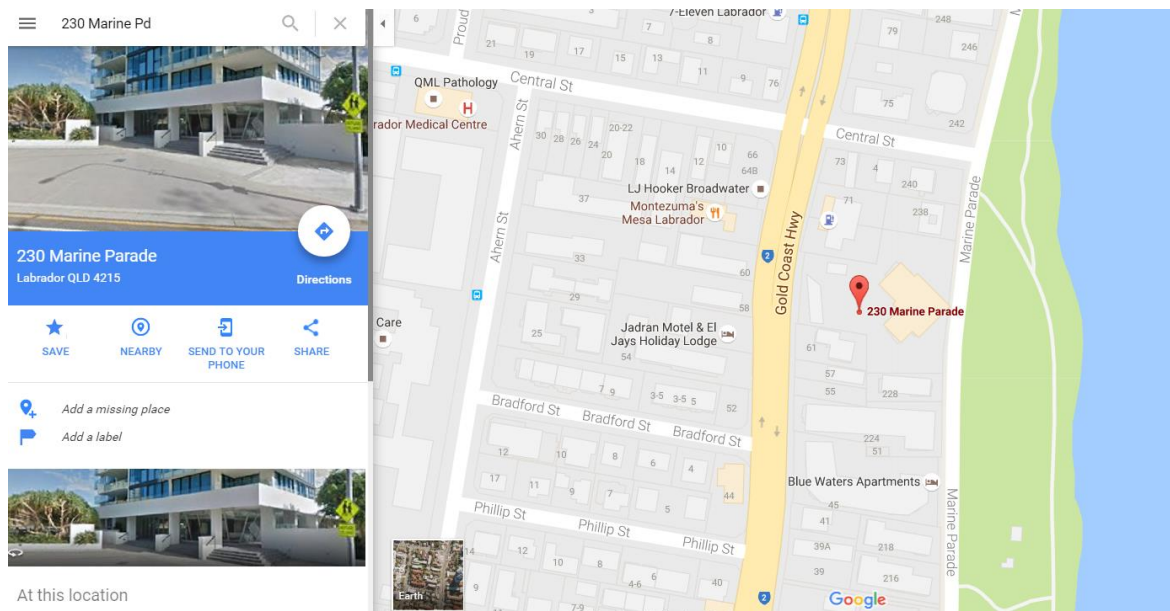
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### 7: The address of the site at which you intend to sell energy

230 Marine Pd, Labrador, Qld, 4215



### 8: The primary activity of your business and of the Body Corporate

Residential Apartments

The role of a body corporate in Queensland is to administer common property and body corporate assets for the benefit of all of the owners, and to undertake functions required under body corporate legislation.

### 9: The form of energy

Electricity to be directly connected to the grid

### 10: Are you establishing, or have you established, energy supply

This is not a newly established energy supply to the area

### 11: Commencement date

01/02/2017

### 12: Mailing address

C/- Manager 230 Marine Pd, Labrador, Qld, 4215

### 13: Details of any experience in selling energy

The Body Corporate will engage Sargeant Strata to administer the on-billing process as they do for numerous buildings that they manage. Sargeant Strata refers to the AER Retail Exempt Selling Guideline Version 4 March 2016 for administration compliance advice & to ensure the Bodies Corporate are not exposed to non-compliance penalties. The Body Corporate has engaged energy consultants Watt Utilities to provide advice regarding the responsibility of the Body Corporate in fulfilling its obligation to all residents.

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**14: Current or previously held retail license or energy selling exemption** NIL

**15: Arrangements for non-service**

Energex manages electricity supply to the lot boundary of the site. The main switchboard and all electrical infrastructure downstream of it remain the responsibility of the Body Corporate. Hence, supply interruptions and other electrical risks at the site are not expected to change. It is considered that there are no additional liabilities in managing an embedded network that do not already exist at the site.

In the case of a planned interruption, as instructed by the network or contractor, the body corporate will notify the residents via letterbox delivery of the expected date, time and duration of the interruption at least four business days before the date of interruption. Contact information of the engaged billing provider as well as the building manager will be provided for enquiries relating to the interruption.

In the case of an unplanned interruption, the body corporate via the building manager will take action within 30 minutes of being advised of the interruption, or as soon as practicable, make available information on the nature of the interruption and estimated time of when the supply will be restored. The body corporate via the building manager will use its best endeavours to restore supply as soon as possible.

**16: Particulars relating to the nature and scope of the proposed operations:**

**16.1: Will your customers be your tenants?**

Yes the exempt customers will include 92 residents.

**16.2: Are you providing other services?**

The only commercial relationship the Body Corporate has to residents is the sale of electricity.

**16.3: What is the total number of customers at the site?**

92 residential lots (small customers)

**16.4: Will you be on-selling energy?**

Yes, Electricity will be purchased from an authorised retailer and on-sold to residents.

**16.5: What is the estimated aggregate annual amount of energy you are likely to sell?**

The estimated annual electricity to be sold is 424MWh. The average expected consumption per lot is 4,611kWh.

**16.6: Site operation**

All customers will be wholly contained within the site owned and controlled by the Body Corporate.

**16.7: Metering**

Each lot is separately metered

**16.8: Type of Metering**

Basic/accumulation meters will not allow customers' access to alternative energy suppliers however the Body Corporate will address the possibility of changes to the future requirements regarding metering to enable residents to revert to grid connection.

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### **16.9: Reading Regularity**

The meters will be read quarterly by the Body Corporate approved person; this task will be carried out by the Building Manager. The building manager will also be responsible for taking final reads for individual lots between tenancies.

### **16.10: How will you determine energy charges if customers are not separately metered?**

Customers are separately metered

### **16.11: Customer Billing**

The body corporate will offer at least two payment methods to residents for bill payment that do not require internet access; including by telephone, by mail and by direct deposit

Residents will be provided payment terms of 14 days and provide a receipt for any amount paid for energy.

### **16.12: Dispute Resolution Process**

If customers have any problems with their energy service, they will be instructed to resolve the problem directly with the on-selling administration company, Sargeant Strata. Sargeant Strata on behalf of the Body Corporate are required to take reasonable steps to resolve all complaints.

In the event that Sargeant Strata cannot resolve the complaint, they will advise the residents to contact the appropriate escalation body &/or address the committee for resolution if the issue is related to the network.

The Energy and Water Ombudsman Queensland (EWOQ) is a free and independent dispute resolution service for small customers, for unresolved complaints with their electricity supplier.

The Office of the Commissioner for Body Corporate and Community Management offers conciliation for customers unable to obtain resolution. This may be followed up with adjudication proceedings if required which are enforceable.

Tenants can access the Residential Tenancy Authority (RTA) website for advice on ways to resolve disputes under The Act and conditions directly related to the 'charging of utilities'.

### **16.13: Rebates or concessions**

The rebates / concessions are indicated in the eligibility area of the supply agreement and reconciled quarterly by Sargeant Strata.

### **16.14: Efficiency options**

Energy efficiency options will be available to customers when the cost benefit analysis proves to be in the best interest of the scheme. Power Factor Correction equipment and solar initiatives will be entered into to support the reduction of energy costs by majority vote at the Annual General Meeting.

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### **16.15: Further information**

Further information applicable to mitigating future customer detriment arising from a loss of retailer contestability.

The body corporate refers to the applicable conditions for exemption class R2 as a minimum requirement for mitigating future customer detriment and accepts responsibility for the conditions specifically imposed to ensure compliance and consumer protection. The body corporate further refers to the applicable conditions for a network service provider and acknowledges that the right of a customer to access retail competition is absolute. The body corporate will not impede a customer who has chosen to exercise that right or impose unfair or unreasonable conditions on the customer.

There is further information relating to the commercial benefit to the scheme that has been supplied to address what actions have been taken to mitigate future customer detriment arising from a loss of retailer contestability, that has been supplied as a private application. The private application includes the commercial calculations and method of consultation.

### **17: Assessing an application involving retrofits under section 7.2.1 of the guidelines:**

#### **1. Mitigation of detriment: Retail contestability and competitive offers**

- To ensure the exempt customer is not detrimentally effected by the conversion to the embedded network &/or for a resident that chooses not provide consent at the time of retrofit, the body corporate will price match a genuine electricity offer that would be available to the exempt customer in an embedded network, that would be available if they were still a grid connected customer.
- In the instance, a resident presents a genuine offer that the body corporate is unable to match, the body corporate will be responsible for upgrading the embedded network metering arrangements to enable the resident can change suppliers.
- The body corporate will ensure the energy procurement process is strategically managed to facilitate access to competition on the bulk supply.
- The body corporate will adhere to the billing conditions set out in the retail exemption guidelines to ensure a suitable level of information and service is provided to customers.

#### **2. Mitigation of detriment: Customer dispute resolution services**

- Residents will be provided the details of the on-billing agent via their supply agreement to contact in case of disputes concerning the sale of electricity. The billing agent will attempt to resolve the dispute in so far as they are reasonably capable. In the event that the dispute requires further investigation, the body corporate will notify the resident of their intended action prior to the next billing period.
- A dispute resolution process that meets Australian Standards: AS/NZS 10002:2014 Customer Satisfaction – Guidelines for complaints handling in organisations are generally in place and would include, without limiting to (a.) identifying who to contact, usually the strata company as a first point of contact for concerns; (b.) establishing reasonable timeframes for the strata company to respond to written and verbal requests and queries, noting that there are prescribed periods under the legislation to call and hold general meeting and committee meetings to make decisions; and (c.) the use of informal and formal meetings or mediation between the disputing parties.



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- Residents have access to further dispute resolution by the Office of the Commissioner for Body Corporate and Community Management in the form of conciliation and adjudication if necessary. Similar availability of dispute resolution and adjudication is available to customers renting properties via the Residential Tenancy Authority who investigate disputes against the *Residential Tenancies and Rooming Accommodation Act 2008* (the Act).

### **3. Mitigation of detriment: state or territory legislation**

- Retail electricity prices in South East Queensland (SEQ) were deregulated on 1 July 2016 meaning residents can choose a competitive market contract or remain on a standard retail contract with their retailer.
- The main legislation governing Queensland's electricity industry is the Electricity Act 1994, and the Electricity Regulation 2006. The legislation contains provisions that must be followed in the on-supply of electricity to residents.
- The Energy and Water Ombudsman Act 2006 was integral to the introduction of full retail competition. The main purpose of the Act is to give small energy consumers a timely, effective, independent and just way of referring disputes about matters involving energy entities, and having the disputes investigated and resolved.
- The Energy and Water Ombudsman Queensland (EWOQ) is a free and independent dispute resolution service for small customers, for unresolved complaints with their electricity supplier

### **4. Efforts to obtain explicit informed consent**

Clear communication with customers, including about their rights, protections and obligations, to allow them to make an informed decision about entering into an embedded network.

Residents were provided with information via three or four group workshops and individual consultation with the project lead and building manager. Included in this was a pro forma document to emulate anticipated bills. Documentation was circulated prior to the AGM and voted on for the same.

Document titled: 'Energy Savings – Lumiere' was provided to explain the practical arrangements of the conversion to embedded network.

Further information will be provided in an additional document at the time of introducing the AER consultation process regarding specific information regarding the rights, protections and obligations associated to the body corporate and residents under an embedded network scenario.

Document titled: 'Important Information for Electricity Customers in Embedded Networks'.

This application for Individual Exemption document will be available to residents by contacting Sargeant Strata and held at the onsite management office to refer to in assisting the decision making process.

Opportunities for customers to raise concerns, including that you have specifically advised them of the AER's formal public consultation process, and any attempts made by the applicant to discuss and/or mitigate those concerns

A number of private and group information sessions have been provided by the 'project leads' to address questions residents have raised and further documentation regarding the dates applicable to the AER's public consultation process is to be provided.

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Regard for the capacity of affected customers to provide voluntary informed consent, for example, English literacy skills, physical or intellectual disability that may affect a person's capacity to provide consent -a process that demonstrates collection of voluntary consent from customers.

Tenants / residents have been encouraged throughout the process to contact the building manager, the project lead, Watt Utilities or Sargeant Strata for more information. The process of consent from customers has been achieved via voting at the AGM in the usual manner for voting on matters relating to the Body Corporate.

Agreement forms regarding the agreement to the bulk supply arrangement were collected by the building manager.

AGM Minutes distributed to all customers the intention to retrofit and by notice of 'Energy Savings - Lumiere' for the customers have been provided. Further information on how customers can make a submission through the AER's consultation process will be provided when dates are confirmed.

**18: You must include a copy of the advice you gave tenants / customers about the proposed retrofit in your application**

In Part B please find attached a copy of all advice provided to customers regarding the proposed retrofit, including how the conversion will affect customers' ability to access the retailer of choice. Also available are the explicit informed consent to the proposed retrofit.

Please find the following information attached:

- Extracts from minutes
- 'Energy Savings - Lumiere'
- Lumiere Proposed Electricity Bulk Billing - Price Comparison
- Agreement Document
- Electricity application form / supply agreement
- Important Information for Electricity Customers in Embedded Networks