

# SHOPPING CENTRE

COUNCIL OF AUSTRALIA

3 May 2012

Mr John Hall  
Chief Executive  
Queensland Competition Authority (QCA)  
GPO Box 2257  
Brisbane QLD 4001

By email: [electricity@qca.org.au](mailto:electricity@qca.org.au)

Dear Mr Hall

## **Draft Determination: Regulated Retail Electricity Prices 2012-13**

Thank you for the opportunity to make a submission on the *Draft Determination: Regulated Retail Electricity Prices 2012-13* released for comment on 30 March 2012. We were only recently alerted to the Draft Determination so we respectfully request that this submission is taken into consideration.

Our members, as major shopping centre owners and managers (including Queensland's largest centres such as Westfield Chermside, Robina Town Centre and Pacific Fair), are large energy users and also (in some cases) on-sell electricity to their retail tenants as permitted under the *Electricity Act 1994* and in accordance with relevant guidelines. These schemes include on-selling to tenants that are large energy users such as supermarkets, bottle shops, bakeries and restaurants.

Firstly, we are alarmed with the very short formal consultation process on the Draft Determination. The proposed changes are significant, different to previous methodological proposals, and will be difficult to fully implement between the proposed Final Determination "by" 31 May and commencement date of 1 July 2012. It is instructive that even Ergon Energy has raised concerns about the proposed commencement timeframe and transitional arrangements, particularly for large customers.

Secondly, the changes will have a significant adverse impact on our member's businesses and result in an unexpected adjustment to centre management and business plans. The purchase of electricity for one shopping centre (for example) will go from around \$2.9 million to \$3.4 million. This 15% increase (around \$500,000 in real terms) is not insignificant. The draft determination for Tariff 20, which applies to most specialty retail tenants, represents a 14% decline and creates a disincentive to introduce energy efficiency equipment into these stores.

Analysis that we've undertaken indicates that for a shopping centre in the Energex network area, the proposed tariffs will result in a financial loss of \$600,000 in the 6-months from July to December 2012. This centre consumes around 15MWh per annum for 'house' power and the retail tenants consume around 30MWh, to which the owners have recently invested heavily in energy efficiency measures to reduce 'house' power demand. In addition, the loss of income for a selection of shopping centres across the Ergon network area will be as follows:

- Centre A – 54% loss of income.
- Centre B – 38% loss of income.
- Centre C – 163% loss of income (i.e. the purchase and on-selling of electricity will be at a complete loss).
- Centre D – 57% loss of income.

**Leaders in Shopping Centre Advocacy**

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In relation to on-selling schemes within shopping centres, these figures do not reflect the potential cost to install new sub-meters to cater for some retail tenants to shift to a new tariff. There are related financial and communication issues (e.g. higher cost tariffs, business plan adjustments).

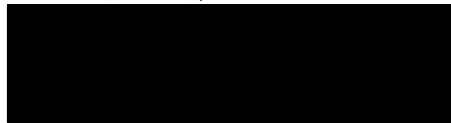
We have serious concerns the QCA is scheduled to release a *Final Determination* by 31 May. If there is no change from the Draft Determination, the business impacts will be significant and span across all regions of Queensland. We respectfully urge the QCA to give the consideration of these issues more time and provide at least a one-year transition period to any new framework.

We would welcome an opportunity to discuss these issues in further detail as a matter of urgency.

The Shopping Centre Council of Australia (SCCA) represents Australia's major shopping centre owners and managers. Our members are AMP Capital Investors, Brookfield Office Properties, Centro Retail Australia, Charter Hall Retail REIT, Colonial First State Property, DEXUS Property Group, Eureka Funds Management, GPT Group, Ipoh, ISPT, Jen Retail Properties, Jones Lang LaSalle, Lend Lease Retail, McConaghy Group, McConaghy Properties, Mirvac, Perron Group, Precision Group, QIC, Savills, Stockland, Westfield Group and Westfield Retail Trust.

Please do not hesitate to contact me if required on 0408 079 184 or [anardi@scca.org.au](mailto:anardi@scca.org.au).

Yours sincerely



Angus Nardi  
**Deputy Director**