

ENERGY EFFICIENCY OPPORTUNITIES THIRD PUBLIC REPORT

Controlling Corporation

Myer Holdings Limited

Period to which this report relates

Start 1 July 2006

End 30 June 2010

Part 1 – Information on assessments completed to date

Table 1.1 – Description of the way in which the Corporate Group (or part of it) has carried out its assessments

The business has continued to utilise the Energy Audits carried out between June-September 2008 by external energy experts, in order to identify and evaluate energy efficiency opportunities. No new assessments were carried out during the FY10 reporting period.

Due to the large number of retail stores across Australia (FY10- 65 stores), the assessments were carried out using a representative sample of six stores. Factors such as geographic and climatic conditions of sites, as well as equipment type and building age, were taken into consideration when choosing the representative sample. Energy efficiency opportunities were primarily identified in the areas of Lighting and HVAC, which are the primary consumers of energy in retail spaces.

During the FY10 reporting period the business has progressed with the opportunities identified in the assessments, with a view to more effectively managing its energy use, and engaged in the following activities:

- Completion of a post-implementation review of the lamp replacement across 6 stores nationally, which represented the highest use of PAR 38 100W lamps, with a view to developing a business case for lamp replacement for a further 31 sites nationally.
- Development of mandatory standards for adherence to trade lighting and HVAC time schedules, in order to minimise energy use across the business, following on from the standardisation of Building Management Systems across all stores nationally in FY09.

In terms of fulfilling the key elements of the Assessment Framework the business has undertaken actions including:

- Engaging external energy experts to undertake assessments and identify energy efficiency opportunities across the business, as well as utilising the expertise of existing providers to the business, particularly in the areas of lighting and HVAC, with a view to optimising energy efficiency in stores;
- Reaffirming commitment from senior management across relevant functional areas across the business, specifically Facilities Management, Procurement and Property;
- Development of a cross-functional Energy Workgroup, and assigning operational accountability for implementation of energy efficiency plans;
- Communicating EEO process and outcomes through, for example, cross-functional Sustainability team meetings.

Part 1 – Information on assessments completed to date (continued)

Table 1.2 – Energy use assessed		
Group member and/or business unit and/or key activity and/or site (or part thereof) that has had an assessment completed by 30 June 2010 (Include all assessments completed to date for the current 5 year cycle).	Period over which assessment was undertaken¹	Energy use for the period 1.7.2009 to 30 June 2010 of the assessed entity (or part thereof) expressed in GJ²
Myer Pty Ltd (Retail Stores & Support Office)	June- September 2008	878,595 GJ
Total energy use of assessed entities (or part thereof)		878,595 GJ
Total energy use of the whole corporate group in the period 1.7.2009 to 30.6. 2010		898,301 GJ
Total energy use of assessed entities (or part thereof) for the period 1.7.2009 to 30.6.2010 expressed as a percentage of total energy use for the period 1.7.2009 to 30.6.2010		98%

1. This should be the start and finish date (month and year) for the assessment (planned assessment dates were nominated in Table 3.1 of the approved ARS).

2. Energy Bandwidth may only be used if approved in the Assessment and Reporting Schedule.

Table 1.3 – Accuracy of energy use assessed data		
Entity	% achieved	Reasons for not achieving data accuracy to within ±5%
Myer Pty Ltd (Retail Stores & Support Office)	Within ±5%	Not applicable

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2A - New assessments completed or not reported since your last Public Report

No new assessments were undertaken during the period 1 July 2009 to 30 June 2010.

Part 2B - Update of assessments reported in previous Public Reports

Name of Group member or business unit or key activity or site: Myer Pty Ltd (Retail Stores & Support Office)

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

878,595	GJ
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Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – \leq 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	1*	1	4,483	1	8,307	-	-	12,789
	To be Implemented								
	Implementation Commenced								
	Implemented								
	Not to be Implemented								
Outcomes of assessment	Total Identified	1*	1	4,483	1	8,307	-	-	12,789

Notes:

- Some identified opportunities have two payback periods as different retail stores (65 in total) are subject to variable factors such as, different energy rates, and varying equipment age/condition, and thus payback periods will vary for different stores accordingly, for example, the payback period will be shorter in stores subject to higher energy rates.

* Business response has shifted from 'Implementation Commenced' to 'Under Investigation', whilst the business develops a further business case.

Part 2B - Update of assessments originally reported in previous Public Reports (continued)

Name of Group member or business unit or key activity or site: Myer Pty Ltd (Retail Stores & Support Office)

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

878,595	GJ
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Table 2.4 – Opportunities assessed to an accuracy of worse than (>) ±30%

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – ≤ 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	2	2	12,213 1,918	2	3,130 9,577	-	-	15,343 11,495
	To be Implemented								
	Implementation Commenced								
	Implemented	2	2	18,908 7,707	-	-	-	-	18,908 7,707
	Not to be Implemented								
Outcomes of assessment	Total Identified	4	4	18,908 12,213 7,707 1,918	2	- 3,130 - 9,577	-	-	18,908 15,343 7,707 11,495

Notes:

- Savings are not cumulative as some identified opportunities may impact or reduce the savings of other opportunities, for example, re-lamping will reduce the savings achieved by amending lighting schedules.
- Some identified opportunities have two payback periods as different retail stores (65 in total) are subject to variable factors such as, different energy rates, and varying equipment age/condition, and thus payback periods will vary for different stores accordingly, for example, the payback period will be shorter in stores subject to higher energy rates.

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2C - Details of at least three significant opportunities found through EEO assessments

Table 2.5 – Description of 3 significant opportunities

Opportunity 1

Lamp Replacement

Replacement of high energy-use lamps across Myer retail stores was identified as a significant opportunity through EEO assessments conducted in June-September 2008. During FY09 reporting period, the Myer business replaced lamps across 6 stores nationally, which represented the highest use of PAR 38 100W lamps. Approximately 7,000 units of PAR 38's were replaced with LED lamps across these 6 stores.

During this FY10 reporting period the business completed a post-implementation review of the project, prior to proceeding with further sites, which reviewed energy savings, product reliability and suitable optics. As part of this review, the business undertook scientific testing and metering of energy savings at the Myer Frankston store, in order to measure energy reduction capability of the new LED PAR lamps. Test results supported manufacturer claims of reduced energy consumption, and it was proven that the performance of the new LED lamps would achieve the projected energy reduction and cost savings to the business, detailed in the initial business case.

A national survey was then undertaken to identify the remaining PAR halogen lamps across the business, and in order to develop a second business case. A second business case is to be developed in conjunction with subject matter experts from external lighting and energy experts, for an additional 31 sites nationally. It is expected that re-lamping of the additional 31 sites will produce the following business benefits:

- Substantial reduction in energy consumption- a forecasted 8,900,000+ kwh of energy per annum, and a forecasted 100,000,000+ kwh of energy over 50,000 hour LED life (based on current electricity costs);
- Substantial energy and lighting replacement/ maintenance costs savings- as LED lamps consume less energy and last 50,000 hours (11+ year life), compared to PAR lamps which last an average of 2,000 hours (6 months life), and are less expensive to maintain in terms of repeated purchase and labour replacement/ maintenance costs;
- Substantial reduction in carbon footprint and landfill waste- by saving in excess of 100 million kwh of CO2 emissions, and preventing the disposal of 500,000 lamps into landfill over the next 11+ years. This equates to a reduction of 104,000 tonnes of carbon emissions over the life of the LED par lamps.

Opportunity 2 & 3

Trade Lighting & HVAC Time Schedules

Adjustment of trade lighting and HVAC time schedules were two further significant areas of opportunity identified through EEO assessments conducted in June-September 2008. As a result of the assessments, the Myer business conducted a national review of its trade lighting and HVAC schedules, and has developed mandatory standards for turning lighting and HVAC on and off within stores, in order to minimise energy use across the business.

Store management teams are required to comply with the standards, and must liaise with assigned Facilities Managers for any deviation, for example, excessively warmer periods may require air-conditioning to start earlier to maintain customer comfort levels. Facilities Managers are responsible for the ongoing education of store team members regarding compliance with the lighting and HVAC timing standards. Myer's external service provider, also supports adherence to the standards through continual monitoring of time schedules across all stores as part of the ongoing schedules maintenance program.

Airmaster Australia continues to work in close partnership with the Myer business to optimise the efficiency of air-conditioning equipment within the business, and thus minimise energy consumption, as well as introduce new energy-saving initiatives to the business. Where equipment is upgraded or replaced, it is undertaken with due consideration to energy efficient options, such as variable speed motors in chillers and fan coil units.

Airmaster has also conducted a national review of the Building Management Systems, assessing variable such as age, efficiency, capability with respect to optimising economy cycles, demand management and remote monitoring capability, and based on the outcomes of that review, the business plans to develop a further business case for system upgrades which will aim to deliver the following benefits:

- A consistent format that will enable remote access for ease of monitoring of equipment managed by time programs;
- Allow for time schedules to be easily managed and monitored, to ensure optimal efficiency of run times for lighting and air-conditioning equipment;
- Ability to better manage demand peak points with the staging of equipment start times;
- Ability to conduct regular internal audits of adherence to trade lighting & HVAC time schedules.

Part 3 - Voluntary Contextual Information

Table 3.1 – Contextual Information

Other contextual information about the corporation's energy use and management:

New Support Office- Docklands

In April 2010, the Myer Support Office relocated to a new site at the Docklands, Vic. The new Support Office is an environmentally sustainable building, achieving a 5 Star Green Star office design rating from the Green Building Council of Australia. This reflects Myer's ongoing commitment to sustainability and the environment. Energy efficient features of the building include:

- Energy efficient lighting, heating and air-conditioning;
- Use of light sensors that dim lights when there is adequate natural light or rooms are not in use;
- Gas fire cogeneration plant generating approximately 30% of base building energy requirements.

Part 4 – Declaration

Table 4.1 - Declaration of accuracy and compliance (mandatory information)

The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*.



Bernard Brookes- Chief Executive Officer

Date 20/12/10