

ENERGY EFFICIENCY OPPORTUNITIES FOURTH PUBLIC REPORT 2011

Part 1 - Corporation Details

Controlling Corporation

Myer Holdings Limited

From

1 July 2006

To

30 June 2011

Period to which this report relates

Table 1.1 - Major Changes to Corporate Group Structure or Operations

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During financial year 2011, the following major changes to corporate group structure or operations occurred:

- **New Stores-** Flagship Myer Melbourne store reopened. New stores opened at Top Ryde (New South Wales) and Robina (Queensland), increasing the size of the property portfolio from 65 (FY10) to 67 sites (FY11);
- **sass & bide-** Strategic alliance established with the purchase of a 65 percent stake in the business. No new assessments were undertaken, as Myer Holdings Ltd has no operational control over the exclusive sass & bide retail sites;
- **IT Upgrades-** Major upgrade of IT infrastructure across the retail stores has delivered improvements in operational efficiency, as well as a reduction in energy use and associated greenhouse gas emissions, due to the improved functioning capability of the new point-of-sale units, workstations, servers and printers.

Table 1.2 – Aggregate energy assessed covered in this report

Total energy use covered by all assessments in this report	842,254	GJ
Total energy assessed as percentage of total energy use of the corporate group	98	%



Declaration

Declaration of accuracy and compliance

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 & Managing Director

Date

12/10/11

Part 2 - Assessment Outcomes

Table 2.1 – Assessment Details

Name of group member or business unit or key activity

Myer Pty Ltd (Retail Stores & Head Office)

Total energy use in the last financial year

842,254

GJ

Energy use assessed in this entity as a percentage of total entity energy use

98

%

Energy use assessed in this entity as a percentage of total corporate energy use

98

%

Accuracy of above estimates related to energy use assessed - only required if not $\pm 5\%$ or better

N/A

%

N/A

Period over which assessment was undertaken

June - September 2008

Description of the way in which the entity carried out its assessment

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 financial year 2011.

Due to the large number of retail stores across Australia (FY11- 67 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.

Table 2.2 - Energy efficiency opportunities identified in the assessment

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Status of opportunities identified to an accuracy of better than or equal to ±30%		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	Implemented								
	Implementation Commenced	1	1	4,438	1	8,307	-	-	12,789
	To be Implemented								
	Under Investigation								
	Not to be Implemented								
Outcomes of assessment	Total Identified	1	1	4,438	1	8,307	-	-	12,789
Status of opportunities identified to an accuracy of worse than ±30%									
Business Response	Implemented	2	2	12,213 1,918	2	3,130 9,577	-	-	15,343 11,495
	Implementation Commenced								
	To be Implemented								
	Under Investigation	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

Table 2.2 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 sites 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.

Table 2.3 - Details of significant opportunities identified in the assessment

Description of Opportunity 1- Lamp Replacement	
Business Response	Stage 1- Implemented FY09 / Stage 2- Implementation Commenced FY11
Payback period	0-2, 2-4 years
<p>Replacement of high energy-use lamps across Myer retail stores was identified as a significant opportunity through EEO assessments conducted in June-September 2008.</p> <p>Stage 1- Implemented- During financial year 2009, 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.</p> <p>During financial year 2010 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.</p> <p>A national survey across the retail store property portfolio was undertaken to identify the remaining PAR halogen lamps across the business. A second business case was developed in conjunction with subject matter experts from external lighting and energy experts, for an additional 31 sites nationally.</p> <p>Stage 2- Implementation Commenced- During financial year 2011, the business approved the expenditure of \$4m, towards the replacement of lamps across Myer retail stores, and commenced the implementation process. The objective of the program is to reduce energy costs, reduce overall energy consumption, improve the quality of lighting in store, and also reduce the number of lamp changes and maintenance costs required, by replacing the existing PAR lamps with the installation of LED PAR lamps, and replacing selected halogen downlights with LED MR16 downlight lamps.</p> <p>Key environmental and cost saving benefits for replacement of existing PAR lamps with LED PAR lamps are estimated to include:</p> <ul style="list-style-type: none"> ▪ Forecast annual savings of 8,600,000+ kWh of energy per annum with estimated energy and maintenance savings of \$1.3m (based on May 2011 variable electricity costs); ▪ Forecast savings of 100,000,000+ kWh of energy over 50,000 hour LED life with estimated energy and maintenance savings of \$13.1m (based on May 2011 variable electricity costs); ▪ Myer estimated to reduce its carbon footprint by saving in excess of 98 million kWh of CO2 emissions and preventing the discard of over 500,000 lamps into landfill over the next 11 years. <p>Key environmental and cost saving benefits for replacement of selected existing halogen downlights with MR16 downlights are estimated to include:</p> <ul style="list-style-type: none"> ▪ Forecast annual savings of 4,800,000+ kWh of energy per annum with estimated energy and maintenance savings of \$1.0m (based on May 2011 variable electricity costs); ▪ Forecast savings of 43,200,000+ kWh of energy over 40,000 hour LED life with estimated energy and maintenance savings of \$9.0m (based on May 2011 variable electricity costs); ▪ Myer estimated to reduce its carbon footprint by saving in excess of 100 million kWh of CO2 emissions and preventing the discard of over 470,000 lamps into landfill over the next 9 years. <p>Note that the above savings and benefits are estimates as at May 2011, with annual net energy savings and financial benefits to commence to be realised in late 2012, that is, one year post completion of Stage 2 lamp replacement.</p>	



Description of Opportunities 2 & 3- Trade Lighting & HVAC Time Schedules

Business Response	Implemented
Payback period	0-2 years

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 business conducted a 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. These mandatory standards are reinforced to stores on at least an annual basis.

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, Airmaster Australia, also supports adherence to the standards through continual monitoring of time schedules across all stores as part of the ongoing schedules maintenance program.

Airmaster also continues to work in close partnership with the Myer business to optimise the efficiency of air-conditioning equipment within stores, 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.