



SunEdison wishes to thank AER for the opportunity to provide a submission to the Issues Paper on the regulation of alternative energy sellers.

SunEdison is a leading global solar PV integrator with a market capitalisation in excess of US\$2.5 billion (NYSE) and an asset portfolio of over 1.3GW of PV plant under management. As well as being a manufacturer of solar modules (MEMC heritage), the company develops, designs, builds, finances and operates solar PV plants. In Australia, SunEdison is establishing its footprint in the utility, commercial and residential PV sectors. SunEdison was, in fact, among the first to offer solar PPAs in the USA (circa 2003).

For the residential and commercial PV market sectors, SunEdison's prime business model is to be an alternative energy seller via Solar PPA's (SPPA). In most cases, SunEdison's solar power system will be connected behind the meter, and in virtually all cases, it will be the supplementary energy supply to the essential energy retailer.

We are pleased to provide our answers to the questions in the Issues Paper as follows:

Question 1

We believe AER has covered the viable business models in the marketplace as set forth in Section 3. While there are many in the Industry who foresee residential solar systems being supplemented with battery storage, we do not expect any such models to be materially viable in the very near-term nor do we foresee these models completely displacing the essential energy service (i.e. alternative energy providers selling energy in form of SPPA's will remain supplementary in nature).

Question 2

We are in general agreement with such policy issues and considerations. We too differentiate between the sale of energy as an "essential" service" from the sale of energy as a "supplementary" or "add-on" service. We too accept that continual customer access to an authorised retailer will substantially safeguard the consuming public.

However, we believe that consumer protection and the integrity of the electricity market still depends – perhaps to a lesser degree -- on the financial and technical wherewithal of the supplementary energy seller. As such, we believe that the AER may wish to consider establishing "entry criteria" for supplementary energy seller just as the AER has done in connection with authorized retailers. We acknowledge that any such "entry criteria" are likely to represent a subset of the more comprehensive entry criteria that apply to authorized sellers.

We believe in the long-term viability of solar energy. However, as a nascent and fast growing industry, measures should be implemented that seek to protect it from reputational hazards that necessarily arise when products and/or services fail to meet consumer expectations over the long-run (i.e., to meet its



obligations under a PPA of 10-15 years tenor). Such measures might require, for example, that companies seeking an exemption have strong balance sheets, offer Tier 1 / premium products, and demonstrate a proven track record of selling alternative energy products.

Question 3

We acknowledge that alternative energy sellers are pursuing business models that are novel and evolving and as such, call for a regulatory regime that promotes and encourages market innovation by being nimble, flexible and otherwise supportive of tailored solutions. This accords with high consumer demand for alternative energy generation options and stimulates competition with retailers.

Accordingly, we are generally supportive of the individual “exemption” mechanism, provided that minimal “entry criteria” (as noted in question 2 above) are established for a supplementary energy seller, in addition to the imposition of on-going conditions governing the sale of energy such as those outlined in clause 4.2.1 of the issues paper.

We would support an exemption for multiple sites. No other approach strikes us as being commercially or administratively practicable.

We would go further to suggest that majority-owned subsidiaries of the exemption holder could piggyback off the same exemption. For instance, if we wished to deliver services to different classes of customers in different locales, we might choose to deliver those services through different subsidiaries (e.g., SunEdison NSW vs SunEdison ACT). Administratively, it would be easiest if both vehicles could “share” the same exemption so long as the exemption holder satisfied the “entry criteria”.

Question 4

Please refer to our suggestions in questions 2 and 3 above that technical and financial-related “entry criteria” be imposed.

Question 5

Given the nascent and fast-changing nature of alternative energy products, we would strongly recommend that AER and/or other relevant authorities allocate sufficient resources to ensuring compliance with Exemption Conditions as well as monitoring / auditing consumer satisfaction, performance levels, etc. Such data will provide invaluable feedback to future revisions – should they be necessary - to the regulation of alternative energy sellers/products.

In addition, given the continuing trend of high public demand for alternative energy products, we are concerned that significant resources may be required by AER to process individual exemption applications on a timely basis, resulting in significant backlog that compromises choices for the consuming public.

Consideration ought also to be given to requiring annual self-certification with appropriate penalties for non-compliance and/or misrepresentations.



Question 6

Please refer to our responses to questions 2, 3 and 5 above.

In summary, we wish to see the introduction of “entry criteria” and other exemption-specific conditions that encourage efficient investment by supplementary energy sellers while also safeguarding the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply of energy.

Needless to say, we would be pleased to attend, and participate in, any public stakeholders forum.

November 22, 2013