



ARC Utilities Management Pty Ltd
Electricity Retailer Authorisation
Application

Prepared with Compliance Quarter Pty Ltd



Managing your utilities

Introduction

ARC Utilities Management Pty Ltd (**ARC**) is a member of the Archers Group, the leading provider of body corporate administration services to the Queensland strata market. ARC was formed to satisfy utilities management requirements of body corporates in Queensland, with an initial focus on Archer's existing clients.

ARC has provided utilities management services to body corporates with embedded networks for several years. It specialises in undertaking billing services, complaints handling and other customer facing functions on behalf of exempt energy sellers. Enhancing client experience is front of mind and ARC believes it can provide greater benefits to residents by supplying them with electricity directly as an authorised retailer.

A core tenet of Archer's business is providing assurance to clients that their properties are managed in compliance with the strata legislation. As an authorised retailer, ARC will emulate its parent company by striving to provide excellent service to its customers while ensuring ongoing compliance with the energy retail regulations.

This application consists of the following:

- Part One of this document provides the Required Information: General Particulars;
- Part Two of this document demonstrates the Entry Criteria: Organisational and Technical Capacity;
- Part Three of this document demonstrates the Entry Criteria: Financial Resources;
- Part Four of this document demonstrates the Entry Criteria: Suitability; and
- Attachments to this document, as referenced throughout.

Documents and correspondence marked as 'Commercial in Confidence' do not form part of the public component of this application. Information will not be public if it is proprietary to the application, contains legally privileged, copyright or commercially sensitive material.

Part One: Required Information – General Particulars

Legal name:	ARC Utilities Management Pty Ltd
Trading name:	As above
ABN:	44 619 381 065
ACN:	619 381 065
Registered business address:	Level 3, Tower 3, 9 Lawson Street, Southport Qld 4215

Postal address:	As above
Contact person:	Connor James Compliance Manager (Consultant) connor@compliancequarter.com.au 0406 509 198
Form of energy:	Electricity
Commencement date:	1 July 2021
Nature and scope of operations:	ARC intends to operate 'off-market' and only supply customers within embedded networks. ARC will initially focus on making offers to the customers of its existing clients in Queensland, with a view to supply other embedded network customers in the future.
Jurisdictions:	Queensland, New South Wales, South Australia, Tasmania and the Australian Capital Territory
Type of customers:	Small and large customers as defined in the National Energy Retail Law

Part Two: Entry Criteria – Organisational and Technical Capacity

ARC understands it must possess the necessary organisational and technical capacity to meet the obligations of an energy retailer. ARC has a well-developed understanding of the energy market and has a proven record of ensuring that its existing clients have the systems and processes in place to comply with the regulatory obligations of an exempt seller. ARC is aware of the issues facing customers in embedded networks and has been dedicated to ensuring that client customers have, as far as practicable:

- been afforded the right to a choice of retailer in the same way as comparable retail customers¹; and
- received consumer protections akin to those under the National Energy Retail Law.

Despite this, ARC is conscious that its obligations as an authorised retailer, particularly in respect of consumer protections, differ from those of exempt sellers. Furthermore, ARC is aware that it will be subject to greater compliance and reporting requirements when it becomes authorised. Consequently, ARC has

¹ ARC Utilities Management is an accredited Embedded Network Manager.

undertaken a review of the energy retail market and of the systems and processes used by energy retailers and received third party advice on the required capacity to operate as a retailer.

As a result of the assessment, the following key areas were identified as needing additional attention:

- Robust systems to automate much of the day-to-day operations of an energy retailer including the production of invoices, the reconciliation of payments and the retention of customer records;
- Compliance with the Retail Law, Retail Rules, National Energy Retail Regulations, as well as the state and territory modifications and other applicable laws;
- Measures to ensure that customers experiencing hardship are given the protections they are afforded under the National Energy Consumer Framework; and
- A focus on continual improvement to our customers' experience, achieved by the analysis of customer feedback and complaints.

The information below and attached demonstrates ARC's organisational and technical capacity.

1. Details of previous experience as an energy retailer

ARC, nor any of its related entities have previous experience as an energy retailer.

2. Details of other relevant retail or energy market experience

ARC is a reputable provider of utilities management services to body corporates within embedded networks and its staff have an excellent understanding of the energy market. ARC negotiates gate meter contracts with authorised retailers on behalf of its clients, manages customer accounts and provides billing services, complaints handling and performs other customer facing functions on behalf of exempt sellers. ARC is also engaged to provide Embedded Network Management services at these sites.

2.1 The date and location of previous operations

ARC has provided its services to body corporates in Queensland since 2017.

2.2 The form/s of energy managed

Electricity.

2.3 The scale of operations (including the number and size of customers)

ARC currently manages approximately [REDACTED] customer accounts. [REDACTED]

2.4 A description of how the activities were conducted.

ARC conducts many of its services in-house, including customer hardship management, and contract management services. However, it engages third parties to assist with meter reading and compliance management.

3. How ARC intends to bring retail market experience into the business

The applicant has engaged individuals and suppliers with significant experience in the energy market. The hiring of the applicant reflects its assessment regarding required capability, as noted above. The individuals hired or engaged by the applicant have worked in or for energy retailers and including in energy compliance and risk management. ARC have identified compliance and risk management as key areas of concern.

Please refer to **Annexure A** provided on a commercial in confidence basis for details on all third party providers and consultants engaged by ARC.

Please refer to **Annexures Ai-iv** for the contracts with and insurance held by the third party service providers.

4. An organisation chart showing the organisational structure of the company

Please refer to **Annexure A1** provided on a commercial in confidence basis for ARC's organisation chart.

5. The number of employees, broken down by business unit or other relevant classification

Please refer to **Annexure A1** provided on a commercial in confidence basis for ARC's employees broken down by business unit.

6. A summary of qualifications, technical skills and experience of officers, and the relevance of those skills and experience to meeting the requirements of the retailer authorisation

ARC will be drawing on board of directors and executive team of its parent company. The board is experienced in strategic planning, corporate governance and compliance, business development and management. Please refer to **Annexure A2** provided on a commercial in confidence basis for the credentials of the Directors and executive team of Archer's Group.

ARC has recruited staff and engaged consultants with previous retail energy experience to cover risk management, compliance, operations, sales, marketing and customer service functions. For a summary of qualifications, technical skills and experience of ARC's key personnel, please refer to **Annexure A2** provided on a commercial in confidence basis.

7. Reliance on third parties to provide staff and resources to meet the technical requirements of the retailer authorisation or to perform retail roles.

ARC will outsource the Compliance Manager role to Compliance Quarter. ARC intends to perform all other retail roles in-house.

Please refer to **Annexure A** provided on a commercial in confidence basis, for a summary of the Compliance Quarter's experience in, and knowledge of energy retail compliance and evidence of its technical capacity to meet the relevant obligations.

8. A business plan, including but not limited to, strategic direction and objectives, forecast results and detailed assumptions on how forecasts were calculated.

Please refer to **Annexure A3** provided on a commercial in confidence basis for a copy of ARC's Business and Marketing Plan.

9. Details of compliance strategy

ARC Utilities is committed to an effective compliance program implemented in accordance with AS/ISO 19600:2015. Please refer to **Annexure A4** provided on a commercial in confidence basis for a copy of ARC's Compliance Policy and **Annexure A4i** for a copy of ARC Utilities' Compliance Committee Charter.

9.1 Knowledge and understanding of the obligations imposed on authorised retailers under the Retail Law and Retail Rules and applicable statutory, industry and technical requirements in Queensland.

ARC prides itself on having an excellent understanding of the applicable regulation peculiar to energy supply within embedded networks in Queensland. It understands that in addition to these considerations, it will need to implement a range of measures to ensure compliance with various other regulatory obligations.

ARC's regulatory obligations will include those under the National Energy Retail Law, National Energy Retail Regulations, National Energy Retail Rules and various AER Guidelines. ARC will also need to comply with Queensland specific legislation found in the applicable legislative instruments providing for the adoption of the National Energy Customer Framework in Queensland.

ARC will also need to comply with the *Telecommunications Act 1997*, the *Do Not Call Register Act 2006*, the Australian Consumer Law, the Electricity Retail Code and provisions of the *Competition and Consumer Act 2010*. A detailed list of regulatory obligations applicable to the applicant is attached and marked **Annexure A5**, provided on a commercial in confidence basis.

9.2 How applicable retailer authorisation obligations and statutory, industry and technical requirements will be met

The Table below sets out the various ways ARC will manage its compliance obligations:

The Compliance Committee	Responsible for developing and implementing the compliance program and monitoring regulatory changes and implementing new processes, training and procedures in response.
Compliance Personnel	Responsible for the day to day oversight of the compliance program of ARC.
External Advice and Assurance	ARC, as part of its compliance program, obtains advice on compliance and legal issues from a number of qualified external providers. ARC will seek external assurance from its advisers on the interpretation and compliance with regulatory requirements.
Information Technology	ARC implements a range of technological solutions that aid in the implementation of the compliance program. These include the Compliance HUB, a cloud-based system that tracks regulatory obligations and assigns various controls against obligations.
Documentation	ARC has developed procedures and policies related to operational processes in order to ensure regulatory compliance. These documents are provided to employees to ensure implementation of practices in compliance.
Compliance Risk Assessments	ARC actively seeks to identify and reduce the likelihood of breaches of regulatory obligations. A Compliance Risk Assessment will be conducted looking at key regulatory obligations, the consequences and likelihood of a breach and appropriate controls.
Training and Assessment	The aim of compliance training and assessment is to reinforce in all staff the understanding that regulatory compliance is core to the applicant's operations. External training providers will be used where appropriate. Compliance Quarter will provide ongoing compliance training including using the Compliance HUB, in a face to face setting and via webinar. Access to Compliance Quarter's training courses for the purpose of assessing this application can be provided on request. Training modules have been developed on a number of areas including: explicit informed consent, customer hardship, life support, benefit changes and complaints management.
Qualified Staff	Appropriately qualified staff are already employed.

Monitoring and Reporting	Any compliance breaches will be monitored, resolved and reported in accordance with the Compliance Reporting Procedures.
Audit	ARC will conduct regular audits into specific components of its energy retail activities in addition to auditing its compliant management system as a whole at least once every three years.

9.3 Standard Complaint and Dispute Resolution Procedures

The guiding principles for ARC's complaints management program are contained in AS/ISO 10002-2014 (Customer satisfaction— Guidelines for complaints handling in organisations). Under the Standard Complaints and Dispute Resolution Procedures, customers have a right to lodge a complaint at any time.

ARC is committed to freely receiving and resolving complaints in an accessible and transparent way. For a copy of ARC's Standard Complaints and Dispute Resolution Procedures, please refer to **Annexure A6**.

9.4 Steps taken to address gaps in staff skill or knowledge

All ARC staff have completed Compliance Quarter's training modules on the energy market generally and compliance with all areas of energy retail operations.

Please refer to **Annexure A7** provided on a commercial in confidence basis for a copy of ARC's employee training register.

In addition to the above, ARC has developed the following documentation to assist in the implementation of an effective compliance program and to comply with the obligations under the National Energy Retail Law and National Energy Retail Rules. Where appropriate, ARC will use and apply policies and procedures developed for the Archers Group.

- **Annexure A8:** ARC Code of Ethics;
- **Annexure A9:** ARC Compliance Reporting Procedure;
- **Annexure A10:** ARC Hardship Policy (Draft);
- **Annexure A11:** ARC Summary of Rights and Obligations.
- **Annexure A12:** ARC Employment Process;
- **Annexure A13:** ARC Privacy Policy;
- **Annexure A14:** ARC Website Notices;
- **Annexure A15:** ARC Audit Policy;
- **Annexure A16:** Third Party Management Process;

- **Annexure A24:** ARC Human Resources Policy.

10. Risk management strategy

AS/ISO 31000:2009 provides a generic guide for managing risk and can be applied to a very wide range of activities, decisions or operations. ARC has adopted AS/ISO 31000:2009 as its base guidance document for addressing risks.

To be effective, risk management must become part of an organisation's culture. It should be embedded into the organisation's philosophy, practices and business processes. ARC's board has overall responsibility for ensuring that there is a sound system of risk management across the business.

The board is also responsible for defining the overall risk appetite of the business, and for approving policies and ensuring that these are implemented. The board will approve the Risk Management Policy and will in the normal course, approve changes and updates to it, on a case-by-case basis.

Please refer to **Annexure A17** provided on a commercial in confidence basis for a copy of ARC's Risk Management Policy.

Please refer to **Annexures A17i to A17vii** provided on a commercial in confidence basis for several compliance risk assessments already conducted.

11. Details of external audit of compliance and risk strategy

ARC's Compliance Program and Risk Management Policy have undergone external review. The results of that review are attached and marked **Annexure A18** provided on a commercial in confidence basis.

12. Additional information which demonstrates ability to manage risk and operate in accordance with the Retail Law objective, particularly the long-term interests of consumers

The AER will be provided with a login to the Compliance HUB, a compliance system that will be used in the management of our compliance and risk management program.

ARC is currently working with Law Quarter to develop customer retail contracts. Please refer to **Annexure A19** provided on a commercial in confidence basis, for a draft Standard Retail Contract with proposed alterations to ensure that ARC's customers in embedded networks will have a right to supply. Please refer to **Annexure A20** provided on a commercial in confidence basis, for a copy of Compliance Quarter's compliance checklist for market retail contracts which ARC will use to develop a compliant market retail contract.

For details of ARC's insurance coverage, please see **Annexure A21** provided on a commercial in confidence basis.

The Archers Group maintains and implements Privacy Policy with which ARC complies to ensure the personal information of its customers is handled in accordance with the law. Please refer to **Annexure A13** for a copy of the Archers Privacy Policy.

ARC, as part of the Archers Group also maintains a robust information security framework. This framework, as it applies to ARC will be reviewed to ensure consistency with retailer obligations under the National Energy Retail Law. For details of the framework please refer to the following Annexures provided on a commercial in confidence basis:

- **Annexure A13i:** Information Security Policy;
- **Annexure A13ii:** IT System Architecture Document;
- **Annexure A13iii:** Information Management – Data Classification Document;
- **Annexure A13iv:** Data Destruction Standard; and
- **Annexure A13v:** Disaster Recovery Plan.

13. Memberships or steps taken to obtain memberships of a recognised energy industry ombudsman scheme in Queensland

ARC notes that the right of embedded network customers to access the Ombudsman Scheme in Queensland is currently under review by the Queensland Department of Mines and Energy. ARC supports the proposal to extend access to embedded network customers.

ARC initially only intends to supply customers in Queensland. ARC has prepared a draft a Scheme Membership Enquiry to the Energy and Water Ombudsman Queensland (EWOQ). Please find attached and marked **Annexure A22** a copy of the preliminary letter received to EWOQ provided on a commercial in confidence basis.

14. Agreements in place with key market players and participants

ARC does not intend to participate in the National Electricity Market, so will not register with AEMO.

ARC will purchase electricity from an on-market retailer and then on-sell to its customers. ARC is aware that customers within embedded networks do not benefit from the current RoLR scheme under Part 6 of the

National Energy Retail Law and it will ensure that alternative arrangements are in place so that customers continue to be supplied with electricity in the event it can no longer continue its operations. These arrangements include:

- Providing for the designated retailer for the parent connection points to supply its customers directly; and
- Ensuring that all customers within its embedded networks can opt to be supplied directly by an on-market retailer of their choice.

Part Three: Entry Criteria – Financial Resources

1. Copies of audited financial reports for the past 12 months

Please find attached documentation ARC's audited financial reports at **Annexure B1** provided on a commercial in confidence basis.

2. Credit Rating

Please find attached and marked **Annexure B2** provided on a commercial in confidence an organisational extract with evidence of ARC Utilities' Credit Score.

3. Archers Group

3.1 Details of the ownership structure of the group.

For the ownership structure of the group, please refer to **Annexure B3** provided on a commercial in confidence basis.

3.2 The contractual arrangements that define relationships within the group

Please refer to **Annexure B4** for details of the contractual arrangements of the Group provided on a commercial in confidence basis.

3.3 Consolidated financial statements for the group.

Please refer to **Annexure B5** provided on a commercial in confidence basis for the audited financial statements of the group.

4. Declaration from CEO

Please find attached declaration from ARC's CEO - marked **Annexure B6** and provided on a commercial in

confidence basis - confirming ARC is a going concern and that the CEO is unaware of any factor that would impede its ability to finance its energy retailer activities under the retailer authorisation for the next 12 months.

5. Declaration from an independent auditor

Please find attached declaration from an independent auditor - marked **Annexure B7** and provided on a commercial in confidence basis – confirming:

- An insolvency official has not been appointed in respect of the business or any property of the business; and
- No application or order has been made, resolution passed or steps taken to pass a resolution for the winding up or dissolution of the business; and
- They are unaware of any other factor that would impede our ability to finance our energy retail activities under the authorisation.

6. Details of any bank guarantees or arrangements or process to access additional capital.

Please refer to **Annexure B8** provided on a commercial in confidence basis for a deed of guarantee.

Please refer to **Annexure B9i** and **Annexure B9ii** for bank statements of ARC Utilities and related company for the year 2020 and 2021.

7. Revenue and expenses forecast

Please find attached a revenue and expenses forecast included in the Business and Marketing Plan for ARC marked **Annexure A3** and provided on a commercial in confidence basis.

Part Four: Entry Criteria – Suitability

ARC Utilities is a fit and proper entity to hold a retail authorisation. ARC and its related body corporates are of good character and standing.

1. Previous Business Activities

1.1 No regulatory failures

There has not been (by ARC, its associates, officers, businesses where officers have held an officer position, or other entity that exerts control over ARC) any material failure to comply with regulatory requirements,

laws or other obligations over the previous 10 years, including infringement notices or other enforcement action (including voluntary administrative undertakings) being taken by a regulatory body.

1.2 There have been no revocations of authorisations, authorities or licences

ARC, its associates, officers, businesses where officers have held an officer position, and other entities that exert control over ARC have not held authorisations, authorities or licences that have been revoked.

1.3 There have been no unsuccessful applications for authorisations, authorities or licences

ARC, its associates, officers, businesses where officers have held an officer position, and other entities that exert control over ARC have not applied for authorisations, authorities or licences that have been unsuccessful.

1.4 There has been no legal action taken in relation to any regulatory breaches.

ARC, its associates, officers, businesses where officers have held an officer position, or other entities that exert control over ARC have not been a party to legal action taken in relation to any regulatory breaches.

1.5 RoLR provisions

ARC, its associates, officers, businesses where officers have held an officer position, or other entities that exert control over ARC have not triggered the RoLR or equivalent provisions.

2. No offences under Territory, State, Commonwealth or foreign legislation

There have been no offences found nor successful prosecutions under any Territory, State, Commonwealth or foreign legislation against ARC, its associates, officers, businesses where officers have held an officer position, and other entities that exert control over ARC, relevant to ARC's capacity as an energy retailer.

Please refer to **Annexure C1** provided on a commercial in confidence basis for a written declaration of the above.

3. Written declaration from Chief Financial Officer (or CEO)

Please find attached declaration from ARC's CEO marked **Annexure B6** and provided on a commercial in confidence basis, confirming:

- that members of the ARC management team have not been disqualified from the management of corporations;
- the record of bankruptcy of the ARC management team (including in any overseas jurisdiction).

4. Full names and current residential addresses of officers

Please find attached details of the ARC's officers marked **Annexure C2** and provided on a commercial in confidence basis.

5. Details of policies and procedures addressing the probity and competence of officers and other key management staff

Please find attached documents which are relevant to this component of the application:

- **Annexure A7:** ARC Employee Training Register;
- **Annexure A8:** ARC Code of Ethics;
- **Annexure A12:** ARC Employment Process;
- **Annexure A23:** ARC Whistleblower Policy.

Version Control

Version	Amendment	Author and Date
Version 1	Not applicable	CJ 23/01/2020
Version 1.1	Updated in using information from Business Plan	AS 29/01/2020

LIST OF ANNEXURES INCLUDED WITH THIS APPLICATION

Document	Description	Page reference	Confidential
Annexure A	List and details of 3 rd parties		Yes
Annexures Ai-iv	Third party contracts and insurances		Yes
Annexure A1	Organisation Chart		Yes
Annexure A2	Qualifications of Officers		Yes
Annexure A3	Business and Marketing Plan		Yes
Annexure A4	Compliance Policy		Yes
Annexure A4i	Compliance Committee Charter		Yes
Annexure A5	Compliance Obligations		Yes
Annexure A6	Standard Complaints and Dispute Resolution Procedure		No
Annexure A7	Employee Training Register		Yes
Annexure A8	Code of Ethics		Yes
Annexure A9	Compliance Reporting Procedures		Yes
Annexure A10	Hardship Policy (Draft)		Yes
Annexure A11	Summary of Rights and Obligations		Yes
Annexure A12	Employment Process		Yes
Annexure A13	Privacy Policy		No
Annexure A13i	Information Security Policy;		Yes
Annexure A13ii	IT System Architecture		Yes

	Document	
Annexure A13iii	Information Management – Data Classification Document	Yes
Annexure A13iv	Data Destruction Standard	Yes
Annexure13v	Disaster Recovery Plan	Yes
Annexure A14	Website Notices	Yes
Annexure A15	Audit Policy	Yes
Annexure A16	Third Party Management Process	Yes
Annexure A17	Risk Management Policy	Yes
Annexure A17i-vii	Risk Assessments	Yes
Annexure A18	External Risk and Compliance Audit	Yes
Annexure A19	Draft Standard Retail Contract	Yes
Annexure A20	Market Retail Contract Checklist	Yes
Annexure A21	Insurance	Yes
Annexure A22	EWOQ Letter	Yes
Annexure A23	Whistleblower Policy	Yes
Annexure A24	Human Resources Policy	Yes
Annexure B1	Audited Financial Reports	Yes
Annexure B2	Organisation extract including Credit Rating	Yes
Annexure B3	Ownership Structure	Yes

Annexure B4	Contractual relationships	Yes
Annexure B5	Consolidated group financial statements	Yes
Annexure B6	CEO declaration	Yes
Annexure B7	Independent Auditor declaration	Yes
Annexure B8	Deed of guarantee	Yes
Annexure B9i	ARC Utilities Bank Statements 2021	Yes
Annexure B9ii	Related Company Bank Statements 2021	Yes
Annexure C1	Criminal Offence declaration	Yes
Annexure C2	Officer details	Yes