



Application for Energy Retailer Authorisation

PREPARED FOR THE AUSTRALIAN ENERGY REGULATOR
3 JANUARY 2018

Contents

PART 1 - General Particulars	3
1.1 Legal Name & ACN	3
1.2 Registered Business Address	3
1.3 Nominated Contact.....	3
1.4 Energy Supply Type and Intended Retail Commencement Date	3
1.5 Application Background.....	3
1.6 Nature and Scope of Operations	4
1.6.1 Apex Energy Context.....	4
1.6.2 Apex Energy Business Direction	5
1.6.3 Apex Energy Short Term Goal	5
1.6.4 Apex Energy Long Term Goal.....	6
1.6.5 Apex Energy Market Opportunity Analysis (MOA).....	6
1.7 Jurisdiction	7
1.8 Type of Customers	7
PART 2 – Entry Criteria	8
2.1 Organisational and Technical Capacity	8
2.1.1 Details of any previous experience as an energy retailer, or other energy market experience	8
2.1.2 Details of other relevant experience	8
2.1.3 Details of Advisory Board	9
2.2 Organisational Chart.....	10
2.2.1 Employees broken down to future business units(s)	10
2.2.2 Suitability of company directors and officers	11
2.2.3 Summary of qualifications, technical skill and experiences of key staff.....	11
2.2.4 Skills and functions to be out sourced	13
2.3 Human Resources Policy regarding Employee qualifications	14
2.3.1 Training programs and training policies.....	14
2.4 Business Plan.....	15
2.5 Quality Assurance Accreditations.....	15
2.6 Compliance Strategy	16
2.6.1 Director Declaration regarding Risk Management and Compliance Management frameworks	16
2.7 Risk Management and Operational Strategy.....	17
2.7.1 Additional information which demonstrates Apex Energy ability to manage risk.....	17
2.7.2 Details of insurance arrangements.....	18

2.7.3	Third party arrangements and/or contracts	18
2.7.4	Evidence of any membership of a recognised energy ombudsman scheme.....	18
2.7.5	Evidence of any arrangements with relevant market participants	19
2.7.6	Details of previously triggered RoLR provisions	19
PART 3 – Financial Resources		20
3.1	Financial Resources	20
3.2	Independent Auditor appointed	20
3.3	Copies of information required by ASIC	20
3.4	Evidence of credit ratings	20
3.5	Forecast and Expenditure	20
3.6	Written declaration from Directors	21
3.7	Retained Accounting Firm Statement.....	21
3.8	Retained Legal Firm Statement.....	21
PART 4 – Appendices.....		23
4.1	Attachment A1 – Organisational Chart.....	23
4.2	Attachment A2 – Energy Model Chart.....	23
4.3	Attachment B1 – Human Resource Policy	23
4.4	Attachment B2 – Human Resource Recruitment Policy	23
4.5	Attachment C – Business Plan	23
4.6	Attachment D – Director Declaration for Risk Management and Compliance	23
4.7	Attachment E1 – Compliance Strategy.....	23
4.8	Attachment E2 – Risk Management Strategy.....	23
4.9	Attachment F – Forecast and Expenditure	23
4.10	Attachment G – Declaration from Independent Auditor	23
4.11	Attachment H – Declaration of Funding Arrangement.....	23
4.12	Attachment I – Retained Accounting Firm Statement.....	23
4.13	Attachment J – Retained Legal Firm Statement	23
4.14	Attachment K – Dispute Resolution Policy	23
4.15	Attachment L – Specialist Partners	23
4.16	Attachment M – Hardship Support Policy and Program	23
4.17	Attachment N – Employee Code of Conduct.....	23
4.18	Attachment O – Third Party Management Process	23
4.19	Attachment P – Application Compliance Review.....	23

PART 1 - General Particulars

1.1 Legal Name & ACN

Apex Energy Holdings Pty Ltd (Referred to as Apex Energy in this Document) ACN 619 954 906

1.2 Registered Business Address

Physical Address

Unit 505 45 Brisbane Road
Mooloolaba QLD 4557

Mailing Address

Unit 505 45 Brisbane Road
Mooloolaba QLD 4557

1.3 Nominated Contact

Primary Contact

Mr Jason Hague
Position: Director
Email: jason@apexenergy.com.au
Mobile: 0429 933 452

Secondary Contact

Mr Kosta Spilios
Position: Director
Email: kosta@apexenergy.com.au
Mobile: 0411 783 100

1.4 Energy Supply Type and Intended Retail Commencement Date

Apex Energy will retail electricity. Apex Energy intends to start offering retail services in electricity from 1st December 2017. Apex Energy has identified up to 25 sites (approx. 3400 customers) as potential retail customers and will present an offer for each site once authorised to do so.

In addition to retailing electricity, Apex Energy will advocate Home Energy Management Systems (HEMS) in the aim to reduce customer energy costs, Apex Energy wants to make use of technology that enables the reduction in building costs - saving energy and money for the customer.

1.5 Application Background

Apex Energy has spent considerable time and effort in review and analysis of the energy market and opportunity within embedded networks. Apex Energy believes that the combination of HEMS with a good offer to customers of embedded networks will lead to significant consumer benefits and a sustainable business model.

Apex Energy intends to sell energy under the National Energy Retail Law (Retail Law) and requires a retailer authorisation to do so.

Apex Energy's core business will be the sale of energy to both residential and a small number of commercial / business customers.

This application for a retailer's authorisation demonstrates Apex Energy's capacity and resources to meet the obligations of an energy retailer under the Retail Law and the Retail Rules. Apex Energy has the capacity and resources to meet reporting obligations under the AER (Retail Law) Performance Reporting Procedures and Guidelines and the AER's Compliance Reporting Procedures and Guidelines. Apex Energy has engaged with industry leading compliance specialists Compliance Quarter in assisting the company achieve compliance using innovative technology and off-line experts. Further information on Compliance Quarter is provided in this application.

Overall, this application demonstrates that Apex Energy:

- has the necessary organisational and technical capacity to operate as a retailer;
- has the financial resources to operate as a retailer; and
- is a suitable person(s) to hold a retailer licence.

1.6 Nature and Scope of Operations

1.6.1 Apex Energy Context

Our Cities of the Future will be higher in density with people being attracted to high rise developments for location and pricing of low density housing products rising. Policies that manage this growth and the issues they face are critical as they enable opportunity to reduce the impacts of rising energy prices that influence our built environment and economy. Apex Energy intends to sell energy under the National Energy Retail Law (Retail Law) and, as a business, help to contribute to minimising the rising energy costs that impact on our urban regions.

Apex Energy, through its Directors and future employees, has and will have a focus on the changing nature of our built environment. As a retailer, Apex Energy will comply with the Retail Law and Retail Rules, as well as any relevant provisions of the National Electricity Law and Rules, and jurisdictional energy legislation, before Apex Energy starts selling energy to customers.

Apex Energy is currently under agreement with several body corporates and strata management companies to consult regarding implementation of renewable assets and energy management systems. The provision of retail is a natural extension of our business model, with such an offering to be provided in a compliant manner. Apex Energy understands that the Explicit Informed Consent of customers is required to switch them to being a retail customer.

Our current consulting practice is available to customers which include market negotiation on energy, billing services for electricity and renewable opportunities using a well-respected third-party provider. Apex Energy will leverage its retail authorisation to build upon existing relationships with developers, body corporates and end customers to reduce energy costs to its customers.

1.6.2 Apex Energy Business Direction

It is the intention of Apex Energy to take our embedded network solutions, which consist of bulk supply services (on-selling), to an offering under an authorised retailer entity. Apex Energy sees this as being a natural progression for an entity that has been involved in this area in the periphery, acting primarily as an advisor to the owners and operators of embedded networks. Apex Energy understand that the level of compliance expected of an authorised retailer is higher than that of an exemption holder and makes this application with the intention of ensuring that this standard is implemented in embedded networks.

Apex Energy wishes to hold the parent retail account in place of the on-site body corporates, the Apex Energy offering will be an all-inclusive product, physical equipment, site energy management, billing service and financial mechanism including debt responsibility. Apex Energy will not be providing Strata Management services, it will be focused on its area of expertise, which is energy.

Apex Energy does not initially propose to supply any customers outside of an embedded network and will only be supplying individual customers as a function within the embedded network of the parent complex, the Body Corporate (common area) is generally a small customer <100MWh/pa, and will be supplied under the same mechanism as a residential or commercial customer of the complex. On maturity of the business model and in specific situations Apex Energy may act as financially responsible market participant for on-market customers but only after Apex Energy has registered as a market participant with AEMO and only after Apex Energy has engaged suitability qualified individuals to manage a comprehensive risk management program with respect to wholesale electricity exposure and procurement.

1.6.3 Apex Energy Short Term Goal

Apex Energy will provide energy cost savings to strata titled buildings through bulk energy purchasing. This is made possible by purchasing power from the National Electricity Market (NEM) at wholesale prices through a single parent meter and then on selling power through child meters to the individual occupants, being either residential or commercial customers. This arrangement provides significant saving opportunities to strata titled buildings. The concept is not new and has been in play for some time, however the current service providers lack transparency and the ability to eliminate the capital cost for small customers and body corporates alike.

Apex Energy will deliver a transparent energy solution to the consumer so they have a clear understanding of the costs and the savings to be made through delivering a bulk energy supply arrangement. In obtaining a Retail Energy Authorisation, we intend to offer a level of regulatory standards expected in the energy supply market, this will offer the consumer (small customer) protections and security that we would not otherwise be available to offer in the current 'exemption' space.

1.6.4 Apex Energy Long Term Goal

Apex Energy is to enter into long term Energy Supply Agreements (ESA) allowing Apex Energy to aggregate quantities of energy, and to negotiate better pricing with the savings passed onto the customer. In addition, we aim to provide smarter technologies to our customers that facilitate reduced energy costs, monitoring of energy usage and reduced building costs.

The management of Apex Energy has significant experience in the procurement space including in negotiation and review of ESAs. Furthermore, Apex Energy will operate in accordance with its Third Party Management Process and Risk Management Procedure, both of which reduce the various risks with third-party supply of energy.

1.6.5 Apex Energy Market Opportunity Analysis (MOA)

Apex Energy will target Titles Residential Communities. Strata living is upwards of 36% in suburban city or greater city areas. The areas considered inner city or city central are almost exclusively strata title living (98%). Overall 42% of the population in NSW, 22% in QLD, and 29% in VIC live in a strata managed property. *(ABS)

Queensland's Sunshine Coast, which has a local uptake of strata titled living of 41%, which aligns with the national average, is the perfect market test case scenario. Within the Apex Energy professional network there were three main sources where Apex Energy could apply the general concept.

These were;

- Strata Management Companies;
- Commercial Real Estate Agencies; and
- Residential Strata Developers.

Strata Management Companies are a master key to entering the target market; they hold access to potential sites, key stake holders and are fundamental to the legal and regulatory functioning of a strata site.

An example of this is Archers Body Corporate Management – a state wide company with 150 sites locally, and 400 across the state with 5 offices up the Queensland coast. The main reason for lack of uptake is a difficult integration process, with current providers unable to offer a full service to converting a site, making the committee responsible for the process and consumer issues. The administration that the Body Corporate Management (BCM) must conduct due to the exemption process creates an apathetic outlook towards implementing the service on managed sites.

Commercial Real Estate Agencies, are the entrance to the market on small commercial sites, and in most cases, undertake property manager and leasing agent roles. They maintain a close relationship with the landlords and the tenants.

*Australian Bureau of Statistic (Population and Household Characteristics, Community Profiles 2011, cat no. 2069.0.30.001) and Strata Communities Australia

1.7 Jurisdiction

Apex Energy intends to operate Nationwide along the Eastern seaboard in the larger cities, primarily in suburban residential areas – Queensland, New South Wales and Victoria.

A separate Victorian retail licence application will be lodged and Apex Energy will operate in compliance with all jurisdictional laws.

1.8 Type of Customers

Apex Energy intends to supply small customers <100MWh/pa, who are only accessing electricity through an embedded network within a finite complex.

These complexes sometimes contain small commercial businesses and we do not expect any individual customer to consume more than >100MWh/pa. Our Target market is strata titled communities and commercial strata titled buildings along the eastern sea board of Australia.

PART 2 – Entry Criteria

2.1 Organisational and Technical Capacity

2.1.1 Details of any previous experience as an energy retailer, or other energy market experience

Apex Energy does not have experience as an energy retailer in the Australian Energy Regulator (AER) sense. Apex Energy intends to utilise our extensive knowledge in the built environment, embedded network and specialist markets to support our retail activities. Apex Energy currently has strategic relations with body corporate management companies which span the Eastern seaboard of Australia. These relations and future marketing operations will enable Apex Energy to fulfil its desire to supply retail energy services.

Apex Energy intends to sell energy under the National Energy Retail Law (Retail Law) and requires a retailer authorisation. Apex Energy's core business will be the sale of energy to many customers.

This application for a retail authorisation demonstrates Apex Energy's capacity and resources to meet the obligations of an energy retailer under the Retail Law and the Retail Rules. Apex Energy intends to offer touch point administration, customer enquiry services and dispute resolution in accordance with the policies and procedures attached to this application. Apex Energy has the capacity and resources to meet reporting obligations under the AER (Retail Law) Performance Reporting Procedures and Guidelines. The application demonstrates that Apex Energy:

- has the necessary organisational and technical capacity to operate as a retailer;
- has the financial resources to operate as a retailer; and
- has the suitable person(s) to hold a retailer licence.

Apex Energy has the necessary experience for the future business to fulfil energy compliance, tariff, billing, credit control financial capacity and customer service functions. Our Operations Manager, Kosta Spilios, currently provides consulting work to several body corporates and strata management companies regarding implementation of renewable assets and energy management systems.

Our current consulting practice is to advise what options are available to customers which include market negotiation on energy, billing services for electricity and renewable opportunities.

2.1.2 Details of other relevant experience

Jason Hague was instrumental developed the complex retail mechanism for the Sunshine Coast Council solar farm that made the project commercially viable, able to integrate into the NEM and the distribution network. Jason Hague has supplied services across several body Corporate entities on the Sunshine Coast and is currently a chairman of a Body Corporate entity and understands all the issues relating to the integration of service provision in these network sites and facilities. In addition, Apex Energy will facilitate recruitment of specialists for various operations.

2.1.3 Details of Advisory Board

Apex Energy has established an Advisory Board of three members that have vast experience in business and particularly the energy industry. The function of the advisory board is to offer assistance to Apex Energy with anything from site identification to financing and from marketing to managing human resources or to regulatory compliance support. Apex Energy has been able to assemble a team that is composed of accomplished experts in all the above.

The Advisory Board will offer innovative advice providing strategic direction, quality guidance and assess the Apex Energy company effectiveness. The board will be able to provide high-quality advice and access to networks within the development industry and energy industry providing non-biased information and advice to Apex Energy Directors and staff. We see this including but not limited to:

- i. Establishing the Apex Energy in business, market and industry trends;
- ii. Provision of “*wise counsel*” on issues raised by external sources;
- iii. Provision of unbiased insights and ideas from a third point-of-view as the advisory board will not be involved in the operation of the business on a day to day basis;
- iv. Encourage and support the exploration of new business ideas;
- v. Provide a resource for Directors; and
- vi. Encourage the development of a governance framework that enables sustainable growth of the company.

Advisory Board Member 1 – Mr Warren Kember

Warren Kember has been engaged within the energy industry for the past ten years, operating across both traditional energy retailing and in the renewables sector and is a member of the Arthur Phillip team. Warren held a leadership role with Urban Group, which had investments in retailing of renewable energy systems and a publicly listed energy retailer, GO Energy Group Limited. As CFO and ultimately CEO of Australian Power & Gas Limited (APG), Warren was part of the leadership team that developed the business from inception through to being an energy retailer to over 350,000 customers over a period of 7 years. When APG was acquired by AGL Limited and Warren worked closely with the AGL team in transitioning the business to their systems.

Prior to his involvement in the energy industry, Warren acted as CFO for a number of private and public businesses, leading restructure and transitional arrangements from privately owned businesses to public companies. Warren commenced his career with a Big 4 accounting firm and with an Australian investment bank and has an MBA from the Australian Graduate School of Management.

Advisory Board Member 2 – Daniel Moore

Daniel Moore has been providing leading investment advice, research and financial services since 2004 that has been helping his clients achieve fulfillment of their goals. Daniel Moore has come onto the advisory board to support better business management decisions with the aim to assist in the growth of Apex Energy. Through Arthur Phillip Advisory Services (AP) Daniel Moore enables Apex Energy to have further access of energy industry knowledge, AP can provide thoughtful and thorough advice. AP has an

existing association with the energy industry via Australian Power & gas (AGK.ASX) AP was a founding shareholder and lead corporate adviser of AG until it was taken over by AGL. This previous experience in the energy sector will enable Apex Energy, facilitating strong client relationships and consistent investment returns. By creating mutually beneficial relationships Daniel has forged strong energy industry clients that will greatly benefit Apex Energy and provide support of industry trends along the Eastern seaboard.

Advisory Board Member 3 – Adam Russell

Adam Russell is an energy industry expert, and has been involved in renewable energy, DC and AC designing and energy efficiency with the energy sector for well over 10 years. Adam Russell over this time has gained extensive experience in energy projects both locally and overseas. This experience is wide ranging and lends well to provide advisory board advice on issues from regulatory documentation to project designing from individual households to multi megawatt range renewable energy systems. Over this time Adam Russell has had robust exposure to all project elements, ranging from initial stakeholder engagement right through to handover. This extensive experience adds to the capacity of Apex Energy to provide unparalleled industry expertise, technical skills and energy experience including:

- i. Work with stakeholders to achieve DC and AC designs to comply with Distribution Network Service Providers (DNSP);
- ii. Provide requirements for LV to HV;
- iii. Provide customer liaison and project support with and to DNSP to enable grid connection;
- iv. Completed install regulatory documentation to ensure compliance to electrical standards;
- v. Peak demand reduction strategy for various local councils to reduce energy costs; and
- vi. Energy Auditing/reporting.

2.2 Organisational Chart

Apex Energy will be a single utility business and its organisational chart reflects this approach. As shown on the organisational chart (see Apex Energy *Attachment A1 - Organisational Chart*) sitting to the side of the Board of Directors will be the established Advisory Board of three members under the Board of Directors will be the team leaders of the various business units/functions. These functional areas will reflect their areas of expertise and from there the employees will have roles defined resulting in decisions being made by the most experienced and appropriate person.

2.2.1 Employees broken down to future business units(s)

Apex Energy will have immediately (post retail licence approval) the need for 6 direct employees in addition to the advisory board members. Four key staff have been outlined below. We see this number of employees expanding in line with the growth of the business with the immediate recruitment of a Business Development Officer and Compliance officer. This growth focus will generally be sales orientated and customer relation driven. The roles and how these roles sit within their roles and regulatory obligations is set out as Apex Energy *Attachment A2 – Energy Model Chart*

2.2.2 Suitability of company directors and officers

It is of vital importance to Apex Energy that the business is represented and operated by persons of suitable nature. Apex Energy has a comprehensive Human Resource Policy *Attachment B1 - Human Resource Policy*.

This Apex Energy application demonstrates that Apex Energy:

- has the necessary organisational and technical capacity to operate as a retailer;
- has the financial resources to operate as a retailer; and
- has the suitable person(s) to hold a retailer licence.

Four key staff have been outlined in the Apex Energy application in addition to the advisory board. Apex Energy is not aware of its Directors and officers being engaged with:

- i. Any material failure to comply with any law in the last 10 years;
- ii. Any material failure to comply with regulatory requirements in any industry that they are involved in the last 10 years;
- iii. No past or present prosecutions in relation to an authorisation or license or capacity to run as an energy retailer. Apex Energy is willing to provide police checks upon request;
- iv. Previously revoked authorisations or licenses held in any industry; and
- v. No triggering of Retailer of Last Resort (RoLR) provisions of the Retail Law.

Apex Energy *Attachment N – Employee Code of Conduct*

2.2.3 Summary of qualifications, technical skill and experiences of key staff

Jason Hague - Managing Director / CEO

Jason Hague will have the role to drive the business to achieve its overall aims. Jason is a registered town planner with direct experience in community consultation and the development approval process for various energy projects throughout Southeast Queensland. Jason has fifteen years' experience in town planning, working on projects spanning a range in scale for the residential and commercial industry.

Jason has developed an invaluable network of valued and skilled individuals within the industry and has the goals of bringing innovation and creativity to the energy industry to reduce energy costs. Jason has developed comprehensive knowledge and experience across a variety of disciplines and projects - all of which are known for their capacity for presenting a range of challenges, solutions and opportunities.

Jason will contribute to Business Development within Apex Energy so that the business meets growth targets whilst safeguarding strict compliance to regulatory requirements. Previously Jason was a participant in an approved application for a retail authorisation which was approved by AER.

Kosta Spilios – Operations Manager

Kosta Spilios will manage Apex Energy's operational functions including project delivery and that these projects are delivered in accordance with all relevant regulations, laws and the companies ethical standards.

Kosta has been for the last 10 years managing a commercial electrical contracting company that recognises the changing economic trends and the developer desire to have a one-stop-shop for all their electrical requirements. Kosta has the reputation for managing a company synonymous with engineering and onsite execution excellence.

Kosta recognises the value of investment in the most up to date procedures and policies and this approach will be reflected in the future operations of Apex Energy. Kosta will oversee that operationally one of Apex Energy's main objectives, along with project quality is safety. Apex Energy will have intensive regulated training programs and site audits reflecting AS4801 standard.

Kosta has been directly involved with other retailers and developers to deliver embedded networks. This experience and capability outlines an exceptional understanding of the design, application and delivery of the embedded network that Apex Energy will bring to the energy market.

Kosta has an excellent working relationship with both Energex & Ergon, having completed embedded projects from small residential apartment projects to large commercial projects valued up to \$75 Million.

Maria Esguerra - Customer Service/Crisis Contact

Maria Esguerra is an experienced Customer Service Manager, who has proven to be able to provide excellent customer service, and aims to reflect this throughout the future Apex Energy organisation. Maria will have the goal of operating as the customer service manager in an efficient and profitable manner, to meet consumer expectations and increase satisfaction, loyalty and retention.

Maria is an employment specialist with additional experience in sales, marketing and personal relations with a proven track record for improving process efficiencies and solving problems. Maria has extensive training and credentials in psychology and mental health, specialising in organisational psychology and bringing excellent knowledge of management methods and techniques to Apex Energy with an awareness of the energy industry's latest technology trends and applications.

Maria has a strong customer service orientation, with the ability to think strategically and to lead with an emphasis on supporting Apex Energy's performance and reputation for keeping accurate files, completing all relevant documentation as required and ensuring confidentiality of information, within keeping contractual and legislative guidelines.

Peter Yang – CFO

Peter Yang will be the Chief Financial Officer (CFO) providing both operational and strategic support to the Apex Energy organisation whilst performing all tasks necessary to achieve Apex Energy's aims and growth plans. Peter Yang as CFO has 15 years' experience previously supervising finance units within various organisations and is the chief financial spokesperson for Apex Energy. Being detail oriented with an accounting background Peter Yang will report directly to the Directors and directly assist the Operations Officer on all strategic matters as they relate to budget management, cost benefit analysis, forecasting needs and the securing of new funding as projects are won and realised.

Peter Yang has a vast knowledge of the energy industry and brings the following management and financial skills within his responsibilities to Apex Energy including:

- i. Work with the CEO on the strategic vision for Apex Energy including fostering and cultivating stakeholder relationships on state level, as well as assisting in the development and negotiation of contracts;
- ii. Participate in developing new business, specifically: assist the CEO and Operations Manager in identifying new innovative opportunities and determining cost effectiveness of prospective service delivery with the aim of reducing energy costs;
- iii. Plan and implement quality assurance for all processes in conjunction with customer service;
- iv. Assess the benefits of all prospective contracts;
- v. Oversee all purchasing and payroll activity for staff and participants;
- vi. Maintain systems of internal controls to safeguard financial assets of Apex Energy co-ordination and activities of the independent auditors and all compliance issues are met;
- vii. Monitoring banking activities of the organisation; and
- viii. Oversee the production of monthly reports including reconciliations, as well as financial statements and cash flow projections for use by management, as well as Audit/Finance and Board of Directors.

Peter Yang – IT Manager

As IT Manager Peter Yang will be responsible for leading and planning the billing operations for Apex Energy with a proven ability to perform strategic planning and priority setting for the management of Apex Energy billing. Initially this will be out sourced but Peter Yang will be the interface between Apex Energy and a leading billing agent. Peter Yang has the experience for this highly visible position that requires a strong leader with the ability to prioritise, plan, and direct whilst working strategically with Maria Esguerra our Customer Service/Crisis Contact manager.

Peter Yang will also oversee future implementation of a billing system into the Apex Energy business and as such be responsible for designing, implementing and enforcing policies and procedures, as well as streamlining effective billing processes across the Apex Energy business.

Peter Yang will act to ensure business to technical interface is achieved to deliver innovative business outcomes mainly driven by technology with other responsibilities including:

- ix. Overseeing out sourced billing and collections processes;
- x. Overseeing month-end closing of the billing group information;
- xi. Plan and implement quality assurance for all processes in conjunction with customer service;
- xii. Field Operators' problem escalation and customer service in line with hardship policy or other applicable policies; and
- xiii. Assist with the implementation of a new billing system or platform.

2.2.4 Skills and functions to be out sourced

Apex Energy has commenced discussions with a well-respected provider of billing and CRM services and is committed to outsourcing this component of its operations. The provider has been selected after a review of several similar providers in the industry (a desk top review). Much of the day to day operations of an authorised entity rely on automated processes such as invoicing, processing of payments received, and issuing notices. Outsourcing these processes to a well-known provider significantly reduces the risk

of an operational issue. Attached to this application and marked **Annexure O** is our Third-Party Management Process. This document is provided on a commercial in confidence basis.

Apex Energy key core business deliverables will be provided internally from key staff. Apex Energy is also very focussed on working closely with quality suppliers, for example Apex Energy recognise that a quality contractor capable of delivering the embedded network changes to existing electrical installation is imperative to our business plan.

Apex Energy will outsource various functions that aren't core business. Functions to be out sourced (see Apex Energy *Attachment L – Specialist Partners*) will include:

- i. energy generation;
- ii. electrical contracting services;
- iii. law firm providing commercial legal services;
- iv. accounting; and
- v. company auditing.

2.3 Human Resources Policy regarding Employee qualifications

Apex Energy has recruitment and selection process for new employees, requiring a predetermined set of qualifications set jointly by the Manager directly recruiting and the HR Manager. It is the responsibility of the manager recruiting with support from the HR Manager to ensure that the chosen candidate has the required experience and education to discharge the required duties of the specific role.

The Apex Energy recruitment preference is to employ highly qualified and duly experienced personnel from within the energy sector as well as persons from associated business sectors. Our policy and process of recruitment include the following practices;

- Work force planning, role and budget rationale;
- Internal Professional and positional development;
- Public and targeted advertising;
- Established HR interview and offer process; and
- Legally vetted employment contracts.

See Apex Energy *Attachment B2 - Human Resource Recruitment Policy*

2.3.1 Training programs and training policies

Professional Development and industry involvement widely varies depending on the role. Apex Energy endeavour to maintain an active industry presence and provide and encourage all employees the opportunity to participate in training seminars, and workshops.

Initial role specific internal induction training is performed and then whole company process induction is conducted, noting any cross over deficiencies to best schedule development training. An in-house mentor is assigned to each new employee to progress competency along with addressing any further capabilities through management.

Apex Energy are working with Target Training a local training service provider, to identify and facilitate training both through internal and external training courses, and develop training policies as Apex Energy becomes more operational.

See Apex Energy *Attachment B2 - Human Resource Recruitment Policy*.

2.4 Business Plan

Apex Energy has outlined its business plan upon achieving the energy retail authorisation and is wholly focused on the provision of retail electricity supply to small customers within hardwired embedded networks (See Apex Energy *Attachment C – Business Plan*).

Apex Energy sees the opportunity to bring a more compliant and regulated retail product to residential (small consumers) within the existing strata embedded networks and enabling customers to move towards a smarter way of having energy management within the home. Currently many residential consumers within an embedded network do not have access to the same consumer protections and rights that are afforded to standard market customers.

Apex Energy does not intend to interact with AEMO in direct market interaction, but rather, purchase energy through a negotiated market contract with an existing authorised retailer (see Apex Energy *Attachment L – Specialist Partners*). Distributing the network costs across the multiple embedded customers and passing on the volume energy rate.

The business plan documents the following:

- i. The need to provide this customer product;
- ii. Market Analysis;
- iii. A changing Market;
- iv. Apex Energy business model;
- v. How Apex Energy intends to operationalise the business plan;
- vi. HEMS;
- vii. Growth Forecast – Customer base;
- viii. Growth Forecast – Staff levels;
- ix. Forecast & Expenditure;
- x. Compliance Management; and
- xi. Risk Management.

See Apex Energy *Attachment C – Business Plan*.

2.5 Quality Assurance Accreditations

Apex Energy will fully adopt a quality assurance frame work based on Australian Quality Standards, in both the consistency of our provided services and our internal processes.

Apex Energy intends to develop internal systems worthy of certified system recognition, currently working through SAI Global (Brisbane) for identification of procedures to develop. This integrated management system will address the various Australian Standards and polices.

2.6 Compliance Strategy

Apex Energy is aware of its obligations as an electricity retailer within the NEM, although not traditionally acting within it. Apex Energy already carries out and maintains policies and processes to abide by these obligations in relation to its Retailer Authorisation, once issued, and will utilise these same policies and procedures to provide effective management of its obligations as part of the NEM. Our compliance strategy has been developed in conjunction with industry standards, participants and industry expectations and approved by Apex management. A review has been undertaken as part of this application and is referred see Apex Energy *Attachment P – Application Compliance Review*.

2.6.1 Director Declaration regarding Risk Management and Compliance Management frameworks

See Apex Energy *Attachment D – Director Declaration for Risk Management and Compliance*

Apex Energy compliance system includes a register detailing the regulatory obligations associated with retailing electricity. This currently focuses on Apex Energy's existing activities in QLD building processes to meet National Retailer Authorisation (Electricity) Guidelines. The register is currently being updated to include Queensland-specific obligations, along with relevant acts, regulations and codes which are key inputs to this register. Apex Energy will not commence retailing activities until Apex Energy's compliance system is expanded in this way (See Apex Energy *Attachment E1 – Compliance Strategy*)

Apex Energy's Strategic Compliance Plan supports the continual improvement, implementation and measurement of a compliance management framework aligned to the Australian Standard ISO 19600:2014: Compliance Management Systems. Apex Energy will ensure the standard drives guidance for designing, developing, implementing, maintaining and improving a flexible, responsive, effective and measurable compliance program within Apex Energy to support compliance.

Due to the nature of bulk energy supply within an embedded network, which involves the physical infrastructure of the Gate Meter supplying Child or Orphaned meters, the site practicality of a breakout individual meter is difficult. The general arrangement is made within the Community Title Scheme (CTS), which is governed under the Body Corporate Act within each state. Each Act has a fundamental clause regarding the supply of utilities. Apex Energy will have a contract to Supply the complex as a CTS, and individual small customers may request a 'breakout' to a fully contestable retail arrangement. The process would require an application through the Body Corporate for amendment to the complex, and if approved, an individual National Metering Identifier (NMI) meter may be installed. This would be a direct cost burden on the individual title owner with the estimated cost being between \$4,000 & \$15,000 depending on site requirements. Apex Energy will have notice of this process in any commercial contract agreed on by the Body Corporate.

See Apex Energy *Attachment K – Dispute Resolution Policy*.

2.7 Risk Management and Operational Strategy

Apex Energy sees the two main areas of risk as, Operational risk and Compliance. AS/ISO 31000:2009 states that the aim of a risk management plan should be to embed risk management in all the organisation's important practices and business processes so that it is relevant, effective, efficient and sustained. Risk management should be embedded into the policy development, business and strategic planning and change management processes. It is also likely to be embedded in other plans and processes such as those for asset management, audit, business continuity, environmental management, fraud control, human resources, investment and project management.

Apex Energy has developed a Risk Management Strategy which adopts this philosophy. See Apex Energy *Attachment E2 – Risk Management Strategy*

Apex Energy is a small company with Directors and shareholders acting in operational roles who will all be aware of the potential risks and how they should be managed.

The main risk factors which have been identified are;

- Unpaid debt;
- Small customer billing;
- Disruption of supply;
- NEM retailer of choice ceases trading
- De-energisation; and
- NEM retailer of choice billing cycle.

Apex Energy intends to have zero exposure to the wholesale electricity market as any supplied energy will be through a Bid/tender contract for forward purchased market rate energy. Apex Energy intends to focus primarily on providing an energy pass through product and it is not expected that this exposure will be material. All risk surrounding 'wholesale' energy is associated only with the ability to service accounts (capital and credit) to suppliers, provide effective services (Operational) and billing (compliance) of 'on-sold' energy to small customers.

See Apex Energy *Attachment E2 – Risk Management Strategy*

2.7.1 Additional information which demonstrates Apex Energy ability to manage risk

The objective of the National Energy Retail Law "is to promote efficient investment in and efficient operation and use of energy services for the long-term interests of energy consumers with respect to price, quality, safety, reliability and security of supply of energy".

Apex Energy can operate in embedded networks without a Retail Authorisation. However, Apex believes that applying for a Retail Authorisation will more effectively align it with the Retail Law objectives. Apex Energy intends to provide small consumers with an alternative approach accessing electricity without exposing them to undue hardship and reduced consumer protections. Apex Energy believes that this approach will enable small consumers to realise lower energy prices, while maintaining protections.

See Apex Energy Attachment M – Hardship Support Policy and Program

Apex Energy is committed to offering innovative and reasonable payment solutions for customers facing difficulties. The Customer Hardship Support Program is designed to provide assistance to customers experiencing financial hardship and unable to make payments as required under Apex Energy's Electricity Supply Agreement.

In general, the Apex Energy Electricity Supply Agreement Payment Terms are sufficiently flexible to meet many of our customers' energy needs. However, Apex Energy acknowledges that at times customers may not be able to meet these guidelines. Therefore, residential customers who display a willingness to pay, but are prevented from doing so due to either ongoing hardship or temporary difficulties may be eligible for Apex Energy's Customer Hardship Support Program.

The Customer Hardship Support Program aims to provide support to customers in hardship with an opportunity to manage, stabilise and assist them out of the cycle of debt. This is achieved by offering a range of alternatives to best meet the customers' individual needs and situations.

2.7.2 Details of insurance arrangements

Apex Energy will implement various insurance arrangements upon approval of the Retailer Authorisation. This will include public liability, product insurance, professional indemnity and work cover insurances for operational requirements in line with Apex Energy Risk Management matrix. Key staff will and the advisory board will continually update and review insurance arrangements.

2.7.3 Third party arrangements and/or contracts

Apex Energy have intentions to in-source all staffing operational staff, and out-source certain compliancy and risk requirements, understanding that currently deficiencies in capacity are present, the compliancy and risk process will allow Apex Energy to identify and consolidate these roles as required (refer to Apex Energy Attachment O – Third Part Management Process

2.7.4 Evidence of any membership of a recognised energy ombudsman scheme

Dialogue with Energy and Water Ombudsman Queensland has been opened and an online application has been lodged (acknowledgement is attached). The Energy and Water Ombudsman Queensland (EWOQ) is a free, fair and independent dispute resolution service for unresolved complaints with your electricity, gas or water supplier. Pending Retail Authorisation and signing of a 'retail supply agreement', Apex Energy will submit a scheme participation notification to EWOQ as per verbal instruction on the process. Apex Energy has opened dialog with the ombudsman scheme of NSW (EWON), it was discussed that once a retail authorisation is obtained, participation in the scheme would be required to interact with small customers, application would be through the normal processes. Further to the above Apex Energy will complete membership, after retail authorisation has been granted, with the Australian Energy

Market Operator and the Clean Energy Regulator (refer to Apex Energy *Attachment K – Dispute Resolution Policy*).

2.7.5 Evidence of any arrangements with relevant market participants

At present, Apex Energy will purchase energy from existing authorised retailers, not directly from AMEO. These discussions have started advising of our intentions to enter the market and initial discussions have been extremely well received. Holding the retail contract on behalf of the strata site, will not change this function. Currently no such arrangements are finalised but will be finalised once retail activities commence (see Apex Energy *Attachment L – Specialist Partners*).

2.7.6 Details of previously triggered RoLR provisions

Not Applicable – Apex Energy has never triggered a RoLR provision.

PART 3 – Financial Resources

3.1 Financial Resources

Apex Energy is a newly created Australian company backed by Australian investment. Apex Energy has initial capital and credit facilities organised for cash flow and has the financial resources to operate as a retailer and to hold a retailer licence.

3.2 Independent Auditor appointed

Apex Energy has engaged Eamon Lynch from the Whitehouse Group as an independent firm engaged to audit, and to have the role to express an opinion on whether Apex Energy and its company's financial statements are free of material misstatements, whether due to fraud or error. As the external auditor, Eamon Lynch from the Whitehouse Group will also be engaged to perform other agreed-upon procedures, related or unrelated to financial statements. After reviewing the experience of Eamon Lynch in audit, taxation and business services (including business structuring), financial analysis, and tax planning Apex engaged him to ensure the ongoing solvency of Apex now and in the future.

See Apex Energy *Attachment G – Declaration from Independent Auditor*

3.3 Copies of information required by ASIC

No reporting to ASIC has been made at this stage - similar reporting can be made if requested.

3.4 Evidence of credit ratings

Apex Energy is a private company, and has not been rated.

3.5 Forecast and Expenditure

Apex Energy has supplied a forecast and expenditure document over a 3-year period. This spreadsheet highlights:

- i. Cashflow;
- ii. Profit and loss;
- iii. Balance sheet forecast;

This forecast and expenditure document has been reviewed by an external party to test its robust nature and conservative estimate numbers.

See Apex Energy *Attachment F – Forecast and Expenditure*

3.6 Written declaration from Directors

Apex Energy Directors state that:

- i. Apex Energy is a going concern;
- ii. The directors are unaware of any factor that would impede Apex Energy's ability to finance energy retailer activities within the scope of the retailer authorisation for the next 12 months;
- iii. An insolvency official has not been appointed in respect of the Apex Energy business or any property of the Apex Energy business; and
- iv. No application or order has been made, resolution passed or steps taken to pass a resolution for the winding up or dissolution of the Apex Energy business.

See Apex Energy *Attachment H – Declaration from Directors*

3.7 Retained Accounting Firm Statement

Apex Energy has retained the services of The Viden Group who provide a service that extends beyond the completion of taxation returns. The Viden Group possess skills in a wide range of areas and professional fields and these skills can be applied collectively to assist businesses in their development, growth and survival. The Viden Group can combine this knowledge and skill in investigative teams that will review financial information and provide effective valuable reports back to Apex Energy. The Viden Group will provide consultancy services for corporate and compliancy on financial components of the Apex Energy business. The Viden Group will be retained to ensure that:

- i. Apex Energy is or has never been insolvent in respect to the company or any property of the company;
- ii. Financial resources to operate as a retailer; and
- iii. Is represented with respect to all the accounting requirements so that Apex Energy has the capacity and resources to meet reporting obligations under the AER (Retail Law) Performance Reporting Procedures and Guidelines.

See Apex Energy *Attachment I – Retained Accounting Firm Statement*.

3.8 Retained Legal Firm Statement

Apex Energy has retained the services of Romans and Romans who are a law firm providing commercial and personal legal services across a wide range of disciplines. Romans and Romans have an exceptional team culture that aligns with Apex Energy's customer focussed approach. Romans and Romans will help drive and to create value in Apex Energy's delivery and meeting the highest standards in the way we operate. Through Romans and Romans Apex Energy will be looked after directly by Daniel Roman whose main areas of practice are:

- Property Law;
- Commercial Law; and

- Body Corporate Law.

Romans and Romans has experience in the legal industry having worked for firms covering areas such as China, Brisbane and the Sunshine Coast. Romans and Romans will be retained to ensure that:

- i. Apex Energy has the legal resources to operate as a retailer; and
- ii. Is represented with respect to all our legal requirements so that Apex Energy has the capacity and resources to meet legal obligations under the AER (Retail Law) Performance Reporting Procedures and Guidelines.

See Apex Energy *Attachment J – Retained Legal Firm Statement*.



PART 4 – Appendices

4.1 Attachment A1 – Organisational Chart

4.2 Attachment A2 – Energy Model Chart

4.3 Attachment B1 – Human Resource Policy

4.4 Attachment B2 – Human Resource Recruitment Policy

4.5 Attachment C – Business Plan

4.6 Attachment D – Director Declaration for Risk Management and Compliance

4.7 Attachment E1 – Compliance Strategy

4.8 Attachment E2 – Risk Management Strategy

4.9 Attachment F – Forecast and Expenditure

4.10 Attachment G – Declaration from Independent Auditor

4.11 Attachment H – Declaration of Funding Arrangement

4.12 Attachment I – Retained Accounting Firm Statement

4.13 Attachment J – Retained Legal Firm Statement

4.14 Attachment K – Dispute Resolution Policy

4.15 Attachment L – Specialist Partners

4.16 Attachment M – Hardship Support Policy and Program

4.17 Attachment N – Employee Code of Conduct

4.18 Attachment O – Third Party Management Process

4.19 Attachment P – Application Compliance Review

