



# APPLICATION FOR ELECTRICITY RETAILER AUTHORISATION

Prepared for the Australian Energy Regulator  
25 January 2021

## TABLE OF CONTENTS

AER Guideline .....	1
About EA Connect Pty Ltd.....	1
1 Section One - General Particulars .....	2
1.1 Legal Name.....	2
1.2 Trading Name .....	2
1.3 ABN/ACN .....	2
1.4 Registered Business Address.....	2
1.5 Nominated Contact Person.....	2
1.6 Form of Energy .....	2
1.7 Intended Commencement Date .....	3
1.8 Nature and Scope of Operations.....	3
1.9 Jurisdiction .....	3
1.10 Type of Customers.....	3
2 Section 2 – Organisational and Technical Capacity.....	4
2.1 Previous Retailing Experience .....	4
2.2 Other Relevant Experience .....	4
2.3 Addressing Capability Gaps.....	4
2.4 Shareholding and Organisational Structure .....	5
2.5 Employees .....	5
2.6 Officers’ Qualifications, Technical Skill and Experiences.....	6
2.7 Outsourced Functions .....	7
2.8 Business Plan and Financials .....	8
2.9 Compliance Framework .....	8
2.9.1 Compliance Policy	8
2.9.2 Hardship Policy	8
2.9.3 Connection, Disconnection and Reconnection Policy	9
2.9.4 Complaints Handling and Dispute Resolution Procedure	9
2.9.5 Privacy Policy	9
2.9.6 Human Resources Policy	9
2.10 Risk Management .....	10
2.11 External Assurance.....	10

2.12	Memberships and Accreditations .....	10
2.13	Market Arrangements.....	11
3	Section 3 – Financial Resources.....	12
3.1	Audited Financial Reports .....	12
3.2	Credit Rating .....	12
3.3	Current Financial Position .....	12
3.4	Group and Related Companies.....	12
3.4.1	Corporate Structure .....	12
3.4.2	Corporate Arrangements .....	13
3.4.3	Consolidated Financial Statements .....	13
3.5	Financial Declaration.....	13
3.6	Independent Auditor’s Declaration .....	13
3.7	Funding Arrangements.....	13
3.8	Forecast Financials .....	14
4	Section 4 – Suitability.....	15
4.1	Material Failures.....	15
4.2	Offences and Prosecutions .....	15
4.3	Criminal History Check.....	15
4.4	Suitability Declaration.....	15
4.5	Key Officers’ Contact Details .....	16
5	Appendices .....	17



This AER application for electricity retailer authorisation is submitted for the attention of:

**General Manager  
Retail Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001**

An electronic copy of this application has been emailed to [AERauthorisations@aer.gov.au](mailto:AERauthorisations@aer.gov.au).

## AER GUIDELINE

EA Connect has prepared this authorisation application to retail electricity in accordance with the "AER Retailer Authorisation Guideline Version 2", issued by the Australian Energy Regulator in December 2014.

## ABOUT EA CONNECT PTY LTD

EA Connect Pty Ltd (**EA Connect**) is a new start-up business and a private Australian company that has been established to provide energy retail and related services particularly for embedded networks.

EA Connect is a fully-owned subsidiary of Ellis Air Conditioning Pty Ltd ABN 13 004 601 790 (**EA VIC**) and Ellis Air Conditioning (QLD) Pty Ltd ABN 36 603 148 170 (**EA QLD**). Both the parent companies are separate but related companies and together, make up the overall Ellis Air business operations (**EA VIC & QLD**), and equal owners of EA Connect.

EA VIC & QLD have a long history of successfully completing mechanical services projects and preventative maintenance programs for a wide range of clients since 1964. They operate in the building and construction industry providing commercial property developers and building owners with innovative mechanical services and preventative maintenance programs ranging from design, construction and commissioning through to service, maintenance, technical advice and support. These include multi-story apartments, offices, sporting facilities, education facilities, hospitals and clean room facilities.

Mechanical services and maintenance programs provided by EA VIC & QLD to clients include air conditioning, chilled water, condenser water, heating - gas and electric hot water, steam, co-generation and tri-generation, energy performance improvements, energy management and modelling and Green Star and NABERS design, delivery and assessments.

In conjunction with EA VIC & QLD, EA Connect and its energy retail and associated services will provide a more extensive and rounded service offering and value proposition to our clients and their customers.

In addition to retailing electricity and gas, EA Connect will maintain and optimise combined central energy plants such as hot water, chilled water and refrigeration, and the deployment and use of smart energy monitoring solutions. This will enable a "whole of site" approach to energy management that will help in reducing customer energy costs. EA Connect believes that linking retail energy supply to communal energy efficient delivery is the optimal way to saving money for the customer and helping the environment.

## 1 SECTION ONE - GENERAL PARTICULARS

### 1.1 Legal Name

The applicant for this retailer authorisation application is EA Connect Pty Ltd.

For EA Connect's company registration information, please see *Appendix 1 – Certificate of Company Registration*.

### 1.2 Trading Name

The trading name for EA Connect is the same as its legal name.

### 1.3 ABN/ACN

The ACN for EA Connect is 640 563 248. Please see *Appendix 1*.

### 1.4 Registered Business Address

The registered address for EA Connect's operations is:

EA Connect Pty Ltd  
1 Chifley Drive  
Moorabbin Airport  
VIC 3194

The address for business operations and correspondence is:

EA Connect Pty Ltd  
54 Alexandra Place  
Murarrie  
QLD 4172

### 1.5 Nominated Contact Person

The primary contact person in the organisation for this application is:

Ashley Robinson  
Chief Operating Officer  
Telephone: (07) 3213 9700  
Email: [enquiries@eaconnect.com](mailto:enquiries@eaconnect.com)

### 1.6 Form of Energy

EA Connect intends to offer energy retail and associated services for electricity and gas within private embedded networks and facilities in the short to medium term, as part of a combined suite of services offered in conjunction with EA QLD & VIC. In the future, we may also consider retailing electricity and gas to key National Electricity Market (**NEM**) jurisdictions and Short Term Trading Markets (**STTMs**).



This application is for electricity retailer authorisation.

## 1.7 Intended Commencement Date

EA Connect has a proposed start date from January 2021 which coincides with a number of embedded network development sites our parent companies are currently assisting with in providing and delivering central energy designs for these sites.

## 1.8 Nature and Scope of Operations

EA Connect intends to supply electricity to any residential, commercial or retail business customers, who access electricity through an embedded network within a defined complex boundary.

Our initial target market is strata titled communities and retail and commercial facilities that share not only gate meters for electricity and gas, but also central plant facilities for supplying hot water and air-conditioning.

EA Connect will consider entry into select NEM and STTM jurisdictions at a later stage.

## 1.9 Jurisdiction

EA Connect intends to operate in Queensland, New South Wales and Victoria. A separate energy retail licence application will be lodged with the Victorian licensing regulator.

We will base our energy retail operations initially in the Queensland office and expanding to Victoria and New South Wales in the future.

EA Connect will operate in compliance with all jurisdictional laws and requirements.

## 1.10 Type of Customers

EA Connect will be retailing electricity to both small and large customers. It is expected that its customer base will include residential and business (retail and commercial) customers.

## 2 SECTION 2 – ORGANISATIONAL AND TECHNICAL CAPACITY

### 2.1 Previous Retailing Experience

EA Connect is a new start-up business with no prior history nor operational experience in energy retailing. It has been set up for the purpose of providing energy retail and associated services as a sustainable going concern in collaboration with its parent companies' business activities.

We will leverage the extensive knowledge, experience and resources within EA VIC & QLD in the areas of construction and management of facilities and the application of embedded network metering, monitoring, and energy efficiency strategies. EA VIC and EA QLD are individually successful going concerns and reputable business operators in the building and construction industry. They have management and operational personnel that are highly skilled in their field of expertise and business management.

EA Connect has assembled a core team of executive and senior personnel to manage and support energy retail implementation and launch. The experience and background of these personnel, a number of whom have established and operate successful businesses, is detailed in *Section 2.6*.

EA Connect will be supported by a number of industry experienced and skilled third party partners including consultants and service and system providers. See *Section 2.7* for more information.

### 2.2 Other Relevant Experience

EA Connect has the required technical expertise and experience both internally and through strategic partnering, for the business to fulfil its duties and requirements in compliance, risk management, supply sourcing, marketing mix development, billing and customer management and support.

Through our parent companies, EA Connect will have the required technical capability and financial strength and capacity to fulfil the industry requirement for compliance, financial governance and risk management, and also access to long term relationships with developers, builders, facility owners, and facility management companies.

EA Connect will be utilising its parent companies' office facilities, IT and network infrastructure, customer contact centre and staffing resource where possible to do so to manage its set up and operating costs.

### 2.3 Addressing Capability Gaps

We have engaged the services of an energy industry experienced consulting firm Sustainable Edge Pty Ltd, which has been assisting us with opportunity assessment, business modelling, strategy and industry knowledge development and learnings, and licensing requirements and conditions since June 2019. EA Connect will engage Sustainable Edge for ongoing energy consulting and support services covering functions such as compliance, risk management, trading and supply sourcing, process development and management, marketing mix development, system implementation, and internal training during the implementation and growth phases of our energy retail business.

We are also in discussions to establish a service agreement with a metering provider and meter data management organisation and in discussions with other service and system providers

regarding workflow and process requirements. The nature and structure of these business arrangements is detailed in *Section 2.7 Outsourced Functions* below. *Appendix 3 - Outsourced Service Provider Agreements (Confidential)* contains the key outsourced service contract agreements.

As our capability gaps are identified with business implementation and scale, we will progressively recruit energy industry trained and experienced personnel (and consultants and service providers) to ensure ongoing sustainable growth and compliance.

Training will be provided on a structured and as required basis for existing and new personnel. This may be undertaken by our senior personnel or external consultants or training organisations to develop skills, knowledge and multi-skilling within our team to cover key operational roles and functions. *Section 2.9.6* and *Appendix 10* provides more information on our *Human Resources Policy and Procedure*.

EA Connect is also in discussions with a number of energy industry system and service providers to evaluate further business and operational requirements.

## 2.4 Shareholding and Organisational Structure

EA Connect's corporate ownership and organisational structure is provided in *Appendix 2 – Shareholding & Organisational Structure (Confidential)* and details shareholding of EA Connect at the corporate level and existing and intended roles and responsibilities, external support and proposed resources at the business operational level.

*Section 6.1* of EA Connect's Business Plan in *Appendix 4 – EA Connect Business Plan & Financials (FY21-26) (Confidential)* provides further coverage on the business organisational operating structure.

We will be conducting internal and external recruitment progressively for functional roles in readiness for market entry and ongoing business operations and growth.

## 2.5 Employees

The organisational structure in *Appendix 2 – Shareholding & Organisational Structure (Confidential)* shows the number of current and placeholder employees by business functional areas such as operations, finance, project management and trading and risk.

EA Connect currently has a team of seven personnel that have been seconded from the parent companies and recruited externally to assist with business set up, implementation, management and ongoing operations. This team will expand over time with scale and market share growth.

EA VIC & QLD have a combined total of approximately 200 employees located in the Melbourne and Brisbane offices. These are predominantly long term commercial, technical (engineering, design, construction and project management) and operational staff managed by a dozen executive and senior managers overseeing the companies' operations. A number of these executives and senior managers are involved in the establishment of the EA Connect energy retail business and where required, EA Connect will continue to draw on their business expertise, and line management and operational resources to assist with our business implementation and growth.



## 2.6 Officers' Qualifications, Technical Skill and Experiences

The following are key personnel that have been assembled by EA Connect to develop its energy retail business. All are well-credentialed and skilled individuals that will be ably supported by energy service providers and consultants, as discussed in *Section 2.7*.

### ***Douglas Langford - Chairman***

Doug has been working in the mechanical services industry since 1973. In 1989, 2 years after being appointed Managing Director at Allstaff, Doug commenced the business of D&E Air Conditioning together with Ernie Wills. The company grew to become the largest mechanical services contractor in Victoria, directly employing over 240 staff. After selling the company to the Hastie Group in 2004 Doug remained in the Group as a Divisional Manager and Consultant until early 2010.

Doug was also a director of Ductmakers Pty Ltd, the largest manufacturer of ductwork and metal products in Australia and served at both Victorian and National levels as President of the Air Conditioning and Mechanical Contractors Association of Australia (AMCA). Doug has been Managing Director at Ellis Air Conditioning since 2011.

### ***Adam Langford – Vice Chairman and CEO***

Adam started working as an apprentice plumber at D&E Air Conditioning in 1999. After finishing his apprenticeship, Adam worked for 4 years as an Estimator, pricing and engineering D&E's major projects, before starting work as a Project Manager. Some major projects Adam has project managed during his time at D&E are AAMI Park, 131 Bourke Street serviced apartments, Virgin Active gym and Sigma Laboratory extension. Adam has been General Manager at Ellis Air Conditioning since 2011 and has overseen a rise in annual turnover from \$5 million in 2011 to over \$100 million today. Adam is currently the sole Director of Ellis Air Conditioning (QLD) P/L and a Director of industry association AMCA Victoria where he also acts as State Treasurer.

### ***Ashley Robinson – Secretary and Chief Operating Officer***

Ashley is a motivated and customer-focused General Manager with over 25 years' experience in large commercial, industrial and residential HVAC and electrical projects in Queensland and Victoria. He has been instrumental in the success of several major projects, always with safety, quality and profitability outcomes in mind. More recently he has been responsible for the delivery of the new Lady Cilento Children's Hospital (Qld - \$105M mechanical package) and has a keen interest in the industry's environmentally sustainable design (ESD) revolution, successfully achieving Green Star/NABERS as Built 5 and 6 star ratings including tri-generation and standby power installations on various projects.

More recently, Ashley has been operating as General Manager of Ellis Air Conditioning (QLD) P/L in Brisbane. Starting from scratch in 2015, he now leads the largest HVAC company in Queensland with a team of 120+ employees.

### ***Simon Brown - Board Member***

Simon has over 27 years' experience in large commercial, industrial and residential HVAC and electrical projects in Queensland. He brings to the business a wealth of knowledge in delivering client projects on time and with excellent safety, quality and profitability records. His hands-on approach is an asset to the business with staff members benefiting from his excellent experience and mentoring role. One of his strengths is his great focus on teamwork which provides direction and support to his team on large and complex projects.

**Jason Stephenson – Chief Financial Officer**

Jason has nearly 30 years accounts experience in the construction and food manufacturing sectors, having started from school at Kyle Stewart Construction (HBG) in London. He also worked for Geest Plc for 9 years in a variety of accounting roles before emigrating to Australia with his young family in 2006.

Almost all of his time in Australia has been in the air conditioning sector having worked for Hastie Service, D&E and now with Ellis Air Conditioning since 2016.

He is very process driven, with a keen eye for detail, providing key support to all areas of the business.

**Micheal Lovett – Compliance Officer**

Micheal has an engineering trade background with job planning, procurement and supervising experience. His construction background and experience stems from over a decade in the electrical industry with a key focus on Oil and Gas.

Micheal thrives on adapting to and learning new and challenging areas of responsibility. He is currently the Safety, Quality Assurance and IT Manager for EA VIC & QLD. He will be applying his internal audit, quality assurance, OHS and policy and procedural development background to assist with compliance and related requirements at EA Connect.

The EA Connect team will be assisted and supported by energy industry experienced external service and system providers, consultants and contractors where appropriate, particularly in the areas of energy portfolio management, compliance, process management and risk management.

## 2.7 Outsourced Functions

EA Connect has approached and engaged a number of outsourced service providers and external consultants to assist with the establishment and ongoing management of its energy retail business. The services that have been provided or to be provided by these external providers to support the establishment and ongoing management of EA Connect's energy retail business include industry training, business review, strategy, financial modelling, business plan review, regulatory compliance, business risk management, customer management system, energy management system and metering provision and meter data services.

EA Connect is also in discussions with a number of business process outsourcing or system and service providers in the areas of customer management, trading and risk management and market interface systems to evaluate service offer innovation opportunities and costs as compared to the feasibility and cost of internal development. Internal pilot trials by EA Connect upon licence authorisation will offer our management better clarity on the right approach to adopt and suppliers to use.

Financial and accounting system and services as well as CRM and billing functionality will be provided through EA VIC & QLD's current outsourced service provider under EA VIC & QLD – EA Connect Shared Services Agreement provided in *Appendix 18 – Funding & Shared Services Arrangements (Confidential)*. A capability overview of the enterprise system is also included in the appendix.

All current consulting and outsourced service provider agreements entered into or being investigated by EA Connect, are provided in *Appendix 3 - Outsourced Service Provider Agreements*

(Confidential). The experience and technical background of the service providers are described in more detail in these agreements.

## 2.8 Business Plan and Financials

EA Connect's business model, goals and objectives, ownership and funding structure and financial forecast are provided in detail in *Appendix 4 – EA Connect Business Plan & Financials (FY21-26) (Confidential)*.

An independent consultant's modelling of its business financial projections for financial years FY2021-2026 covering financial statement forecasts and business performance assumptions is also included in *Section 6.2 Financial Modelling & Assumptions* of the *Business Plan*. The modelling (and assumptions data book) includes forecast and scenarios extending over a period of 6 years and incorporates profit and loss statement, cashflow forecast and balance sheet pro-forma for the energy retail business for the duration. Further stress-testing and sensitivity analysis of the impact on financial forecast and cashflow is also provided in *Section 6.2 of the Business Plan*.

## 2.9 Compliance Framework

Compliance is a critical function of energy retailing and NEM market participation. EA Connect is committed to complying with the legislative and regulatory instruments that govern energy retailing and associated activities.

### 2.9.1 Compliance Policy

The compliance principles used by EA Connect are in line with the guidelines under AS ISO 19600:2015 for compliance management systems. These principles include business commitment, identification, prevention through to resolution and continuous improvement. Underlying these principles is organisational support in the functional and cultural aspects of leadership, planning, resource support, communication, and operation and implementation including performance evaluation and improvement.

All EA Connect direct or indirect personnel, be it direct employees, contractors, consultants, service providers, agents or personnel from related companies, have a responsibility for ensuring compliance. Our compliance framework is guided and directed by our Board with implementation, management and reporting undertaken by the management team.

Material compliance issues are raised at the Executive and Board levels to foster a robust compliance culture within the organisation.

EA Connect's Compliance Policy is provided in *Appendix 5 - Compliance Policy (Confidential)*. The policy includes noted legislative instruments and market procedures, and a comprehensive list of compliance schedules and obligations and reporting requirements for an authorised energy retailer. Also included in the policy is a Compliance Breach Register for capturing and reporting compliance breaches.

### 2.9.2 Hardship Policy

At EA Connect, we believe that early identification and support is the best way to help our customers who may find themselves in a situation of financial difficulty from time to time.

Our policy encourages customers facing financial hardship to get in touch with us at the earliest opportunity, so that the EA Connect team can be more effective in providing support and assistance.

We will always work with vulnerable customers with mutual respect, dignity and empathy in protecting their privacy and providing clear information in a timely manner. We will assist these customers in managing their energy usage and costs and review their energy plans and payment options.

EA Connect's *Draft Hardship Policy* is provided in *Appendix 6 (Confidential)*.

### **2.9.3 Connection, Disconnection and Reconnection Policy**

This policy acts as guide on various situations regarding connection, disconnection and reconnection of small customers' energy supplies whilst ensuring ongoing compliance with all applicable rules and regulations.

EA Connect may intend or is required to disconnect or reconnect at a property in compliance with the National Energy Retail Law, National Energy Retail Rules (NERR), and the Energy Retail Code (ERC) under the Essential Services Commission of Victoria.

The policy document is provided in *Appendix 7 - Disconnection & Reconnection Policy (Confidential)*.

### **2.9.4 Complaints Handling and Dispute Resolution Procedure**

At EA Connect, we strive to meet and exceed customer expectations of our service. However, when a customer is dissatisfied with the level of service provided by us, we will work closely with the customer in understanding the complaint and to ensure a resolution that is fair and reasonable, and where possible, to the satisfaction of the customer.

Our complaints handling and dispute resolution procedure follows the Australian Standard AS NZS 10002:2014 Customer Satisfaction Guidelines and all customer complaints will be handled by our team in line with the procedure.

The procedure, provided in *Appendix 8 - Complaints Handling & Dispute Resolution (Confidential)*, includes details on how to lodge a complaint, what process EA Connect will undertake to record, resource, action, respond to and resolve the complaint to the customer's satisfaction. It also details the level of escalation within and external to EA Connect that is available to the customer.

### **2.9.5 Privacy Policy**

Our *Privacy Policy*, provided in *Appendix 9 (Confidential)*, outlines our ongoing obligations under the Australian Privacy Principles contained in the Privacy Act 1988 (Cth) to customers in respect of how we manage their Personal Information. Personal Information is information or an opinion that identifies an individual such as their name, address, email address and phone number.

EA Connect understands the importance of secure and proper handling of customer information in all interactions and will only hold personal information for the purposes listed in our policy as required or authorised by law and/or for which the customer has provided their consent.

### **2.9.6 Human Resources Policy**

Workplace policies and procedures are necessary to define acceptable and unacceptable behaviour in the workplace. EA Connect's *Human Resources Policy and Procedure Manual* provided in *Appendix 10 (Confidential)* helps our employees, agents and representatives understand their terms and conditions of employment and our expectations of their behaviour to reduce the risks of breaches of legislation, such as incidents involving discrimination or bullying, and to manage an incident of misconduct if it occurs.

Our policy manual provides clear guidelines on working arrangements and requirements within the business, recruitment, code of conduct, grievance or conflict management and resolution, possible consequences for breach of the policy, use of information and communications technology, training and development, performance management, occupational health and safety and equal employment opportunity.

The manual is made easily accessible, and clearly communicated and explained to all employees, agents and representatives regularly, including during the induction process.

## 2.10 Risk Management

EA Connect's risk management framework has been prepared in accordance with the principles of AS/NZS ISO 31000:2018 Risk Management Guidelines. This framework covers day-to-day management of critical risks, roles and responsibilities for risk ownership and processes for regular review and reporting.

The Board and CEO of EA Connect are committed to ensuring we have a strong risk management culture and that key aspects of its energy retail and associated activities require ongoing commitment, support and management.

As part of risk governance, all our executives must ensure that business risk management is captured at the line management level and reported and reviewed on a quarterly basis. Material risks are then escalated to the Board of Directors for review and determination.

A copy of our policy is provided in *Appendix 11 - Risk Management Policy & Procedures (Confidential)*. The policy also includes an interim assessment of key risks recorded in the Risk Management Register which will provide the platform for EA Connect's ongoing risk identification, management and mitigation.

## 2.11 External Assurance

EA Connect's Compliance Policy, Risk Management Policy and Business Plan (and financial model) have been reviewed and assessed by an independent industry experienced consultant.

A copy of the assurance letter is provided in *Appendix 12 – External Assurance Letter (Confidential)*.

## 2.12 Memberships and Accreditations

EA Connect is a newly established business and does not possess any standards accreditation.

We will apply to become a member of various jurisdictional ombudsman schemes upon being granted retailer authorisation and prior to market entry in those specific jurisdictions. Please see *Section 2.13* for more information.

Our parent companies, EA VIC & QLD, are:

- members of the Air Conditioning & Mechanical Contractors' Association (AMCA) and the Australian Institute of Refrigeration, Air Conditioning and Heating (AIRAH);
- accredited and licensed for the Australian Refrigeration Council ARCTick;
- licensed with Queensland and Victoria's electrical, air conditioning and plumbing authorities and Queensland Building and Construction Commission (QBCC) for unlimited design air conditioning and mechanical services;

- certified National Australian Built Environment Rating System (NABERS) assessors, Green Star accredited professionals, National Environmental Balancing Bureau (NEBB) certified professionals and registered building practitioners.

## 2.13 Market Arrangements

EA Connect has made contact and/or commenced discussions with a number of key market participants, service providers and potential counterparties to establish the operational framework, processes and requirements for energy retailing.

We have researched, contacted, sought advice and/or entered discussions with the following parties or stakeholders:

- Energy and Water Ombudsman of Queensland (EWOQ) – ombudsman scheme participation as a member which is referenced in our *Complaints Handling and Dispute Resolution Procedure* in *Appendix 8*.
- Distribution companies or network service providers – to access carriage of energy and services in the NEM, EA Connect is required to accept and enter into individual distributors' Use-of-System Agreements.
- Australian Energy Market Operator (AEMO) – EA Connect is required to register with AEMO as a market participant in order to access AEMO systems and interfaces for market settlements, customer transfers and conduct business-to-business activities between participants.
- Austraclear – EA Connect will apply to become a member of this scheme with the ASX upon retailer authorisation and market entry to allow us to be able to perform financial settlements with wholesale energy suppliers or traders.
- ASIC for Australian Financial Services Licence (AFSL) – we will apply to obtain the AFSL with ASIC when our energy portfolio trading and risk management reaches the required scale for dealing in financial derivatives.
- Clean Energy & Renewable Schemes – EA Connect will register with the Clean Energy Regulator for the regulatory obligation on the surrender of large-scale generation certificates and small-scale technology certificates. At the state jurisdictional level, we will also participate in various states' energy efficiency and renewable schemes.
- Wholesale energy counterparties – we will progressively monitor our energy portfolio management and diversification needs and for potential opportunities to enter into short term and long term supply agreements with wholesale energy providers, traders, generators and medium-large retailers if it is feasible to do so.
- Community services – EA Connect will enter into arrangement with relevant government and non-government organisations and welfare agencies to provide concessions to eligible customers in line with our *Draft Hardship Policy*, provided in *Appendix 6*.

We will proceed to finalise all relevant market arrangements above for compliant energy retailing activities upon licence authorisation and prior to formal market entry or launch. For arrangements such as AFS licence authorisation and wholesale energy contracting, EA Connect will coordinate these arrangements in line with its business growth and requirement.

## 3 SECTION 3 – FINANCIAL RESOURCES

### 3.1 Audited Financial Reports

EA Connect is a newly created and fully owned private subsidiary of its parent companies EA VIC & QLD.

EA VIC & QLD will provide the required financial support for EA Connect's initial and ongoing capital requirements to become a successful and self-funding energy retailer business.

EA VIC & QLD's independently audited financial reports for financial years 2017 to 2019 for each organisation are provided in *Appendix 13 - EA VIC & QLD Audited Financial Reports (Confidential)*. These reports include the auditor's independence declaration under *section 307C of the Corporations Act 2001 (Cth)*. Also included in *Appendix 13* are EA VIC & QLD's unaudited interim financial statements for financial year-to-date to May 2020.

### 3.2 Credit Rating

EA Connect does not hold a credit rating as it is a newly registered business.

EA VIC & QLD, EA Connect's parent companies, are privately owned businesses and also do not hold a credit rating. A full credit report of each of the parent entities prepared by an independent credit agency is provided in *Appendix 14 - Ellis Air (VIC) and Ellis Air (QLD) Credit Reports* for reference.

### 3.3 Current Financial Position

EA VIC & QLD's individual unaudited interim financial statements for their respective Profit & Loss and Balance Sheet statements for financial year to date to May 2020 are provided in *Appendix 13* (see *Section 3.1* above). *Appendix 18* also contains EA VIC & QLD's bank statement on current cash balances and EA Connect's bank account statement.

EA Connect has not commenced operations or trading activities and therefore does not have interim financials. In *Appendix 4 – EA Connect Business Plan & Financials (FY21-26) (Confidential)*, our financial forecast in *Section 6.2 Financial Modelling and Assumptions* of the Business Plan details our business growth projections for energy retailing and associated activities.

### 3.4 Group and Related Companies

#### 3.4.1 Corporate Structure

Ellis Air (VIC) Pty Ltd and Ellis Air (QLD) Pty Ltd (noted as EA VIC & QLD in this document), are related private companies and joint equal shareholders of EA Connect Pty Ltd. The detailed shareholding information of EA Connect and its parent companies and related entities is provided in *Appendix 15 - EA Connect Pty Ltd & Related Companies' ASIC Company Extracts (Confidential)*.

The parent-subsidary corporate structure of the Ellis Air group of companies is also detailed in our *Business Plan (Appendix 4)* under *Section 2.2.3 Corporate Structure and Service Offering*. Corporate shareholding and ownership structure of Ellis Air group of companies is also detailed in this section.

### 3.4.2 Corporate Arrangements

As a fully owned subsidiary of EA VIC & QLD, EA Connect will have access to the parent companies' financial and staffing resources, office co-location and facilities, IT and customer service infrastructure and external business relationships for services such as banking, insurance and audit.

Please see *Section 3.7* and *Appendix 18* on the Shared Services Agreement between EA Connect and its parent, EA VIC & QLD.

### 3.4.3 Consolidated Financial Statements

EA Connect has not commenced operations and all consolidated financials are represented under EA VIC & QLD at this time.

Please refer to *Sections 3.1* and *3.3* for information. Also, *Section 6.2* of our *Business Plan & Financials* in *Appendix 4* contains EA Connect's financial projections and sensitivity analysis for FY2021-2026.

## 3.5 Financial Declaration

*Appendix 16 - Officer's Declarations - Financial Capacity & Suitability (Confidential)* contains a signed declaration from our Chief Executive Officer confirming that EA Connect is a going concern and has access to financial resources to operate its energy retailing activities for the long term.

## 3.6 Independent Auditor's Declaration

As a recently incorporated company, EA Connect has no prior history of operations and financial performances.

*Appendix 17 – Independent Auditor's Declaration on Solvency (Confidential)* contains an independent auditor's declaration confirming the company's current financial position, and that no EA Connect or related entities have been involved in any past or present bankruptcy proceedings or winding up or dissolution resolution event in Australia.

As parent companies to EA Connect, each of EA VIC & QLD's independently audited financial reports for financial years 2017 to 2019 provided in *Appendix 13* contains the auditor's independence declaration and independent audit report. Please see *Section 3.7* below on our group's additional financial capacity to fund energy retail activities.

## 3.7 Funding Arrangements

Under the EA VIC & QLD corporate structure, the parent and subsidiary companies have access to sufficient bank guarantee and working capital facility with its primary business bank.

*Appendix 18 – Funding & Shared Services Arrangements (Confidential)* provides a copy of available guarantee amount from our bank for business operations and EA Connect's parent companies' director's guarantees and bank balances and cash position. Also included in *Appendix 18* are EA Connect's bank account statement and the Shared Services Agreement between EA VIC & QLD – EA Connect covering operating financial, resource and facility support.

*Section 6.1.1 Financial Capacity* of the *Business Plan & Financials* in *Appendix 4* further discusses the group's financial strength and capacity to support the establishment and ongoing operations of





an energy retailer business. The Plan also provides further information on the viability of EA Connect's energy retail model.

### 3.8 Forecast Financials

Financial forecast projections for EA Connect's energy retailing and associated services are covered in *Section 6.2 Financial Modelling & Assumptions* of the *Business Plan & Financials (Appendix 4)*. The projections include P&L forecast, Cashflow forecast and Balance Sheet pro-forma for the ensuing 6 financial years. These have been derived from current and relevant industry and market assumptions to develop detailed forecast of service fees and charges, customer growth, load consumption, revenue, cost of goods and expenses.

## 4 SECTION 4 – SUITABILITY

EA Connect is a recently incorporated company and a fit and proper going concern to hold an electricity retailer authorisation should it be granted.

### 4.1 Material Failures

EA Connect can confirm that neither it, its associates, any other businesses where its officer have held positions nor any other entity that exerts controls over its business activities has been the subject of:

- 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;
- any previous revoked authorisations, authorities or licences held in any industry;
- any failed authorisation, authority or licence applications in any industry;
- any past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry; or
- any situation where any of our officers or officeholders has previously triggered the RoLR provisions of the Retail Law or equivalent in any state, territory, Commonwealth or foreign legislation, or have transferred or surrendered an authorisation or licence in circumstances where if not done, triggering a RoLR event would have been likely.

*Section 7 Business Contingency Options* of our *Business Plan* discusses options for handling unanticipated scenarios or industry turbulence including potential diversification strategies and in the event of business failure. *Section 6.1.3 Wholesale Trading & Risk Management* of our *Business Plan* evaluates approaches for energy sourcing and dealing with market and related risks.

### 4.2 Offences and Prosecutions

EA Connect can confirm that none of its directors nor any other person that exerts control over its business activities has been the subject of any offences or successful prosecutions under any territory, state, Commonwealth or foreign legislation that are relevant to our capacity to become, or as, an energy retailer. Please see *Section 4.4* and *Appendix 16 - Officer's Declarations - Financial Capacity & Suitability (Confidential)* for more information.

### 4.3 Criminal History Check

EA Connect will duly comply with any AER request for probity checks on our Directors and Officers.

### 4.4 Suitability Declaration

EA Connect can confirm that none of the members of its management team has been disqualified from the management of corporations nor had there been any record of bankruptcy events or proceedings on any member of the team (including in any overseas jurisdiction).



*Appendix 16 - Officer's Declarations - Financial Capacity & Suitability (Confidential)* contains our Chief Executive Officer's signed declaration confirming EA Connect's suitability to hold and operate an energy retailer licence.

#### **4.5 Key Officers' Contact Details**

*Appendix 19 - Key Officers' Names & Addresses (Confidential)* contains the contact details of key officers or executives of EA Connect responsible for business direction, management and operational decisions.

## **5 APPENDICES**

**Appendix 1 – Certificate of Company Registration**

**Appendix 2 – Shareholding & Organisational Structure (Confidential)**

**Appendix 3 - Outsourced Service Provider Agreements (Confidential)**

**Appendix 4 – EA Connect Business Plan & Financials (FY21-26) (Confidential)**

**Appendix 5 - Compliance Policy (Confidential)**

**Appendix 6 – Draft Hardship Policy (Confidential)**

**Appendix 7 - Disconnection & Reconnection Policy (Confidential)**

**Appendix 8 - Complaints Handling & Dispute Resolution (Confidential)**

**Appendix 9 - Privacy Policy (Confidential)**

**Appendix 10 - Human Resources Policy & Procedure (Confidential)**

**Appendix 11 - Risk Management Policy & Procedures (Confidential)**

**Appendix 12 – External Assurance Letter (Confidential)**

**Appendix 13 - EA VIC & QLD Audited Financial Reports (Confidential)**

**Appendix 14 - Ellis Air (VIC) and Ellis Air (QLD) Credit Reports (Confidential)**

**Appendix 15 - EA Connect & Related Companies' ASIC Company Extracts (Confidential)**

**Appendix 16 - Officer's Declarations - Financial Capacity & Suitability (Confidential)**

**Appendix 17 – Independent Auditor's Declaration on Solvency (Confidential)**

**Appendix 18 – Funding & Shared Services Arrangements (Confidential)**

**Appendix 19 - Key Officers' Names & Addresses (Confidential)**