

Application for: Electricity Retailer Authorisation

Prepared by: Energy On
Date: 20/10/2017



Introduction

Energy On is an Embedded Network Operator and provides billing services for the on-selling of utilities to individuals and organisations within Embedded Networks (EN). Our current operations are conducted primarily on behalf of Owners Corporations, Body Corporates, Building Owners & Managers to deliver surpluses that can be utilised used for maintenance and reductions in fees. Our services also provide competitive electricity pricing for the occupiers of premises within the Embedded Networks we operate.

Our business operations are conducted in accordance with the Australian Energy Regulator (AER) [Retail] Exempt Selling Guideline – Version 4, March 2016 and within the AER energy retail rules to the extent that they apply to Electrical Embedded Networks.

Energy On will also be compliant with the regulatory changes applicable to the embedded market coming into effect on December 1st, 2017.

With the move to a national framework of regulation, Energy On believe that a Retailer Authorisation is appropriate for our business so as:

- To better service the range of client requirements and business types we experience in our day to day business; and

- To, in the longer term, enable Energy On to extend current on-selling activities into the broader retail market where this will provide a benefit to a customer; and

- To ensure ongoing compliance with the energy retail rules as we expand our operations outside of Victoria, SA and NSW.

Energy On has grown considerably since being founded in 2010 and over that time has developed the operational capabilities necessary for an authorised retailer.

Energy On's strategic direction is to continue to focus on the implementation and operation of Electrical Embedded Networks as well as expanding our solutions in ways that will benefit the owners and operators of the sites we manage.

Our primary customers will continue to be small – medium customers both residential and commercial, however with the growth in multi-tenant environments we see larger customers such as shopping centres and other commercial operations as growth prospects.

Whilst a retailer authorisation will enable us to sell electricity to customers and businesses outside of Embedded Networks, we see the Embedded Network as our core business operation.

Information Requirements

General Particulars:

1. Legal Name

The applicant is Energy On Pty Ltd

2. Trading Name

Energy On trades under its own name

3. ACN / ABN of Business Entity

ACN: 145 225 485

ABN: 90 145 225 485

4. Registered Address

The Registered Address of Energy on Pty Ltd is: JJP Consulting, Suite 6, Level 1, 70 Wellington Street Collingwood VIC 3066

The Postal Address of Energy On Pty Ltd is: PO Box 2624 Mt Waverley VIC 3149

5. Nominated Contact

Mr Andrew McMeekin | General Manager

1300 323 263 | andrew@energyon.com.au

6. Form of Energy

Electricity

7. Proposed Date of Commencement

December 2017 – January 2018

8. Nature & Scope of Proposed Operations

Energy On will continue with its primary operations of the on-selling of electricity within electrical embedded networks and, where appropriate in the longer term, use this experience to commence operations as a direct retailer.

Energy On has applied to AEMO for accreditation as an Embedded Network Manager (ENM). As part of this accreditation process, Energy On has become a Market Participant. The Energy On Market Participant ID is EONENM.

9. Jurisdictions

Energy On currently operates embedded network in Victoria, NSW, SA & Queensland and will extend these operations to Tasmania and Western Australia as and when appropriate.

10. Type of Customer Energy On Intends to Supply

Our primary customers are small – medium residential and business customers having occupancy within electrical embedded networks. We also plan to supply services to large commercial customers as required.

Information Requirements

Organisational & Technical Capacity:

1. Previous Experience as an Electricity Retailer

Energy On has been managing the on-selling of electricity to residential and business customers since July 2010. Whilst our embedded networks are outside the market our business requirements ensure that we act very much like a traditional retailer. We manage meter reading, end user bill issuance, credit management, energisation and de-energisation and customer service to customers each month.

1.1 Date & Location of Previous Operations

Energy On has been on-selling to Occupiers within Embedded Networks since July 2010. Prior to this time, Energy On's founder provided energy consulting services, including recommendations on the implementation of Embedded Networks. Primarily servicing Victoria, Energy On also supplies customers in NSW, SA and Queensland.

1.2 Form of Energy Sold

Electricity

1.3 Scale of Operations

Current customers are divided between residential and commercial. Residential includes apartments and retirement / aged care. Commercial includes, office complexes, shopping centres and industrial estates. The number of sites, customers and associated information is included in the attached Business Plan. **Please see: Attachment A1.** This document is Commercial in Confidence.

1.4 Retail Activities Conducted

All current retail activities including site implementation, new business development, marketing and communications, meter reading / meter data collection, billing, credit management, de-energisation, customer reporting, accounting and financial reconciliation are carried out internally by Energy On staff or, where necessary, by third party contractors directly managed by Energy On.

2. Other Relevant Retail or Energy Market Experience

Prior to entering energy consulting, Energy On's founder had previous employment experience with a Tier 1 Retailer totalling over 10 years. The design and implementation of the Energy On business was built around the requirements of the Essential Services Commission (VIC) and the Energy Retail Code to manage operations in Victoria and has evolved over the years to comply with all requirements of the AER Guidelines for Embedded Networks. All staff are trained in strict compliance and policies and procedures are in place as if Energy On were already a retailer.

3. No Previous Experience

N/A.

4. Organisation Chart

Energy On Organisational Structure



Employees

All Energy On employees are involved in the management of Embedded Networks. Senior staff with direct responsibility include, but are not limited to:

Managing Director x 1

General Manager x 1

Operations Manager x 1

Chief Accountant x 1

Customer Service Supervisor x 1

Credit Manager x 1

Billing Manager x 1

5. Summary of Qualifications

6.1 Clive Pearce

Clive is Managing Director of Energy On and has been involved in energy retailing and consulting for over 20 years. Clive founded Energy On after several years running an energy consulting business. His expertise in energy covers regulatory requirements, energy efficiency, pricing (both retail and distribution,) tariff analysis, measurement and management. Clive has a thorough understanding of the energy industry and brings this to our clients in ensuring that their sites are managed appropriately and efficiently. Clive oversees the entire business with a focus on the consulting arm.

5.2 Andrew McMeekin

Andrew is the General Manager of Energy On and has overall responsibility for the sales, marketing and operational aspects of the business. With over 30 years' experience in sales, marketing and business management, Andrew brings considerable commercial expertise to the management of Energy On. Andrew has been involved with the sales, marketing, implementation and management of Embedded Networks with Energy On since 2014.

5.3 Charlie Hancock

Charlie has been with Energy On since early 2014 and is the Operations Manager. Charlie oversees all the operational services from site implementation to billing and customer service. Charlie's responsibilities include compliance management and reporting, ensuring all Energy On activities are conducted strictly to required guidelines.

6. Third Party Service Provision

Energy On sees no situation where technical aspects of our Retailer Authorisation such as billing or telephone services would be outsourced to a third party.

For meter data, digitally provided meter reads are provided by third party meter providers using accredited and compliant technology.

Currently Energy On utilises the services of a number of metering supply and reading services.

Copies of standard agreements, marked as Commercial in Confidence, with each of these suppliers can be found as **Attachment A6**.

7. Business Plan

A copy of the Energy On 2017/18 Business plan, marked as Commercial in Confidence, can be found in **Attachment A 1**.

8. Compliance Strategy

The Energy On Compliance Documentation suite: (Compliance Strategy **Attachment A 2-1**, Compliance Management Policy **Attachment A 2-2**, Compliance Process **Attachment A 2-3**, Delegation Manual **Attachment A 2-4**, Compliance Reporting Procedures **Attachment A 2-5** and the Compliance Obligation Register **Attachment A 2-6**) all marked as Commercial in Confidence, are attached.

9. Risk Management Strategy

A copy of the Energy On Risk Management Policy, marked as Commercial in Confidence, can be found in **Attachment A 3**. This document has been developed with input from Senior Management, External Audit and Directors. It has been approved for use by the Directors.

10. Risk Management Audit

A copy of the external audit, marked as Commercial in Confidence, performed on our Risk Management Strategy can be found in **Attachment A 4-1**. This Audit confirms that Energy On is Compliant with Australian Standard AS/NZS ISO: 31000/2009 "Risk Management – Principles and Guidelines". A copy of the external audit of our Compliance Program can be found in **Attachment A 4-2**. This Audit confirms that Energy On is Compliant with Australian Standard AS: 3806-2006 "Compliance Programs".

11. Additional Risk Management

Copies of the Energy On Risk Management Document Suite: (Risk Treatment Plan **Attachment A 5-1**, Disaster Recovery Plan **Attachment A 5-2**, Risk Consequence & Likelihood **Attachment A 5-3**, Risk Management Plan **Attachment A 5-4**, Risk Management Register **Attachment A 5-5**, Stakeholder Communication Plan **Attachment A 5-6**, 2017-2018 Training Plan **Attachment A 5-7**, Energy On Committee Terms of Reference **Attachment A 5-8** and Energy On HR Policy **Attachment A 5-9**, marked as Commercial in Confidence are attached.

12. Energy Industry Ombudsman Schemes

Energy On does not currently participate in any Energy Ombudsman Schemes. Where required, dispute management is referred to independent arbitrators. Energy On will participate in any scheme as required as part of our Retailer Authorisation.

13. Market Participation Arrangements

Energy On has obtained Market Participant status from AEMO as part of our accreditation process as an Embedded Network Manager. The Energy On Market Participant ID is EONENM.

Our current plan is only to on-sell in Embedded Networks. Our contracts allow for the beneficial owner of the network or the relevant Bodies Corporate to assume responsibility for the relevant contracts and on-selling arrangements in the event of a failure by Energy On Pty Ltd.

Financial Capacity Criterion

1. Existing Businesses

1.1 Financial Statements

Copies of required Financial Statements, marked as Commercial in Confidence, can be found in **Attachment B 1-1, B 1-2 & B 1-3**.

2. Evidence of Credit Rating

Energy On does not have a credit rating.

3. Start Up Businesses

Energy On is not a start-up business.

4. Related Companies

Energy On is part of a related group of companies.

4.1 Details of related companies, marked as Commercial in Confidence, can be found in **Attachment B 2**.

4.2 Details of arrangements between related companies, marked as Commercial in Confidence, can be found in **Attachment B 2**.

4.3 Audited financial statements for the group, marked as Commercial in Confidence, can be found in **Attachment B 1-1, B 1-2 & B 1-3**.

5. Going Concern

A declaration signed by the Directors and Chief Accountant stating that Energy On is unaware of any factors that would impede our ability to finance our energy retailing activities is enclosed as **Attachment B 3**. This document is Commercial in Confidence.

6. Independent Financial Statement

A statement from the Energy On external accountant, confirmed by our primary financial institution, that there is no insolvency related issues with respect to the business is included as **Attachment B 4**. This document is Commercial in Confidence.

7. Bank Guarantees

Energy On has no arrangements in place to access additional capital.

8. Forecast

A forecast is included within the Business Plan, marked as Commercial in Confidence, supplied as **Attachment A 1**.

9. Additional Information

Energy On has been preparing for the submission of a Retailer Authorisation for over 12 months. In preparation we have been developing our internal practices to reflect the requirements upon us when Authorisation is granted. An example of our Performance Reporting Procedure included as **Attachment A 7**. Energy On understands that formalisation of this policy and procedure will occur following our Authorisation. This document is Commercial in Confidence.

Suitability Criterion

1. Suitability Details

1.1 There has been no material failure to comply with regulatory requirements, laws or other obligations over the past 10 years.

1.2 There have been no previously revoked authorisations, authorities or licenses held in in any industry.

1.3 There have been no failed authorisations, authorities or license applications in any industry.

1.4 There are no past or present administrative or legal actions in relation to authorisation, authority or license in any industry.

1.5 There have been no situations where any Energy On employee has triggered the RoLR provisions of the Retail law or equivalent.

2. Prosecution & Other Offences

Energy On confirms that it has not been involved in any prosecutions under any territory, state, Commonwealth or foreign legislation including, but not limited to, the items identified in this guideline.

3. Criminal History

Upon request, Energy On is happy to commit to a criminal history check on any Director or employee who will have a material impact on the management of Energy On as an authorised retailer.

4. Written Declarations

Written declarations from the Chief Accountant and Managing Director confirming that no management team members have been disqualified from the running of corporations or have a record of bankruptcy are included as **Attachment C 1**. This document is Commercial in Confidence.

5. Full Names

Full name and address details for all officers are included, marked as Commercial in Confidence, as **Attachment C 2**. This document is Commercial in Confidence.

6. Probity & Competence

The policies and procedures included as Attachments in earlier requirements highlight the requirements of probity and competence. These include, but are not limited to, the Energy On Risk Management and Compliance policies and other attached policy information.

7. Additional Information

These documents are all Commercial in Confidence.

Attachment A 8: Energy On Corporate Responsibility Policy

Attachment A 9: Energy On Cyber Security Policy

Attachment A 10: Energy On Environmental Policy

These documents are not Commercial in Confidence.

Appendix 1: Sale of Utility Agreement – Residential

Appendix 2: Sale of Utility Agreement – Business

Appendix 3: Financial Hardship Policy

Appendix 4: Disconnection & Reconnection Policy

Appendix 5: Life Support Policy

Appendix 6: Complaint Handling Policy

Appendix 7: Customer Charter

Appendix 8: Privacy Policy

