

## APPLICATION FOR INDIVIDUAL EXEMPTION – ENWAVE TONSLEY PTY LTD

- 1    **LEGAL NAME**                      Enwave Tonsley Pty Ltd
- 2    **TRADING NAME**                N/A
- 3    **ABN**                                56 623 288 175
- 4    **REGISTERED POSTAL ADDRESS FOR CORRESPONDENCE**    Registered: Level 22, 135 King Street, Sydney, NSW, 2000  
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- 5    **NOMINATED CONTACT PERSON**    **Name:** Kate Daley  
**Position:** General Manager Retail & Energy Procurement, Enwave Australia  
**Email:** [REDACTED]  
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### 6.1 REASON FOR INDIVIDUAL EXEMPTION

To enable Enwave Tonsley to provide a retailer of last resort service to Tas Gas Retail for its gas customers on Enwave Tonsley's embedded gas network in the unlikely event that Tas Gas Retail fail. Tas Gas Retail is a related entity and is an AER authorised natural gas retailer.

As part of Tas Gas Retail's retail authorisation application, it provided confirmation that Enwave Tonsley has committed to providing the role of retailer of last resort after Tas Gas Retail was unable to find any other authorised retailer or other suitable body to perform this role.

Based on legal advice, Enwave Tonsley does not qualify for a registerable exemption as while it is the owner and operator of the utility infrastructure, it does not own or operate the Tonsley Innovation District that the embedded network operates within.

The reason for this exemption will fall away if there is a change to the regulatory framework which provides a regulated response to retailer of last resort for embedded gas networks.

### 6.2 WHY AN INDIVIDUAL EXEMPTION IS APPROPRIATE TO OUR CIRCUMSTANCES

- a) Enwave Tonsley's core business is the operation and maintenance of energy and water distribution networks and the generation of electricity from a solar array. Retailing energy is not a core part of the business.
- b) The specific circumstances under which Enwave Tonsley seeks an exemption are unique in that they only apply because Tas Gas Retail, the incumbent authorised natural gas retailer, has not been able to establish alternative arrangements for retailer of last resort with an existing authorised retailer or any other suitable body.
- c) The amount of energy likely to be sold under the exemption is insignificant because selling activities are restricted to:
  - o the limitations of a gas embedded network owned and operated by Enwave Tonsley, within the Tonsley Innovation District (see section 20 for demand details).

- Gas will only be used by premises within the limitations of the Tonsley Innovation District.
- d) Enwawe Tonsley does not have an additional profit motive in seeking to be an exempt seller:
  - It has an existing relationship with customers on its embedded network by way of being the electricity and gas distributor, and also the distributor and retailer for non-drinking water.
  - It is restricted by the terms of the Development Agreement with the property developer as to the level of tariffs and supply charges it can impose on its customers (tariffs are to be set at least 10% below the average price of the top 3 retailers).

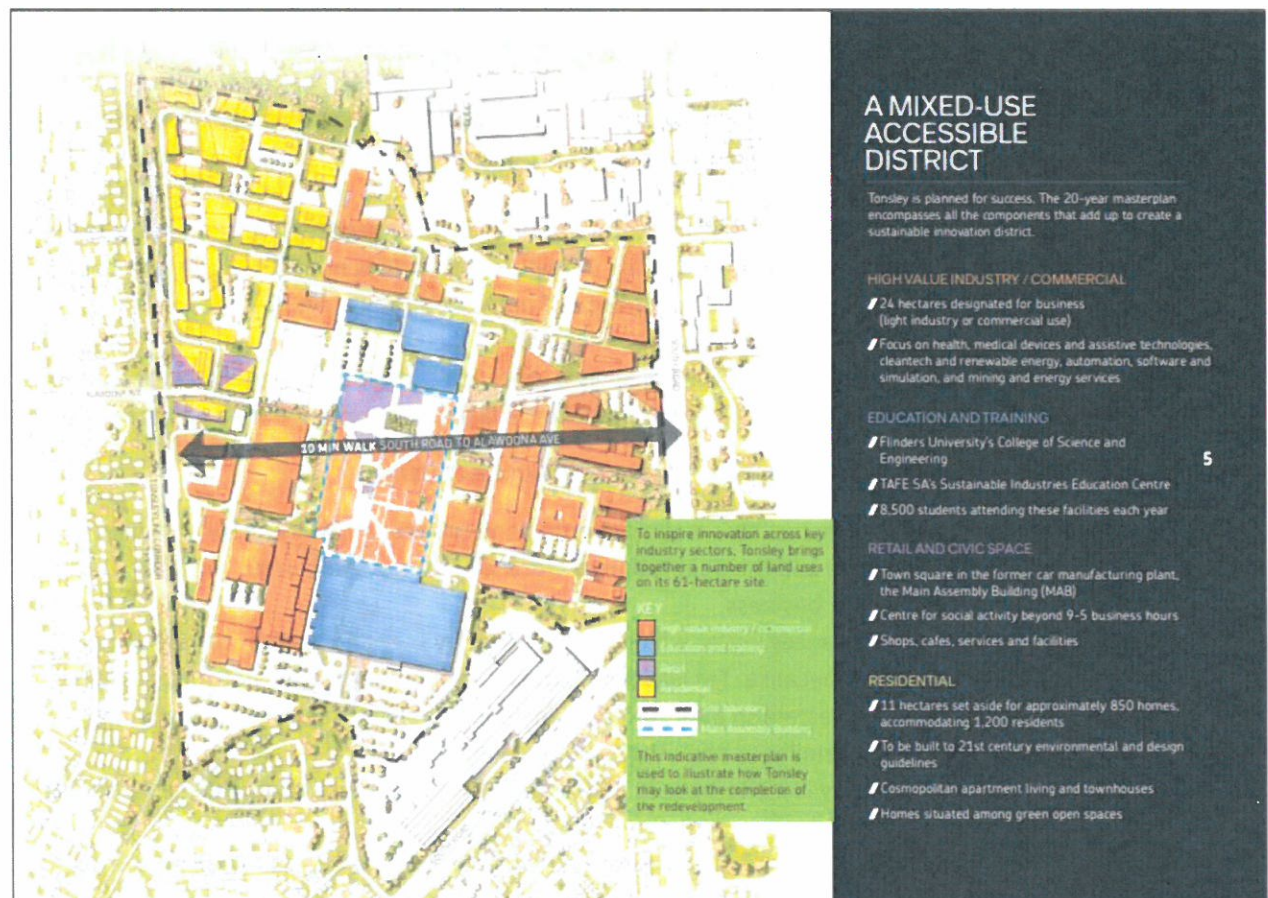
## 7 ADDRESS OF THE SITE INCLUDING A MAP, DESCRIPTION AND CURRENT AND FUTURE USES

Tonsley Innovation District is located at 1284, South Road, Clovelly Park, South Australia, 5042.

The Tonsley Innovation District is being developed by Renewal SA to repurpose the site after the closure of the Mitsubishi car assembly business at that location.

Below is a page taken from Renewal SA's Tonsley Innovation District overview document. It provides a map and description of the site. The full version can be found at <https://renewalsa.sa.gov.au/wp-content/uploads/2014/07/Tonsley-Innovation-District-2018-brochure.pdf>

From the map, the residential section is shown in yellow. Natural gas will be reticulated to town houses who opt for this utility. The number of town houses planned for the site are 400 in total. At this stage, there is no demand for a natural gas connection from the embedded network to any businesses.



**8 PRIMARY ACTIVITY OF ENWAVE TONSLEY**

Enwave Tonsley has been appointed by Renewal SA to be the utility infrastructure owner and operator for the innovation district.

In respect of the Tonsley Innovation District, Enwave Tonsley is the licensed owner and operator of: a registered exempt electricity embedded network; electricity generator in respect to a large solar array which will be located on the roof of the Mitsubishi Assembly Building (MAB); embedded natural gas network; and anon-drinking water network.

**9 FORM OF ENERGY**

Natural gas

**10 IS SUPPLY ESTABLISHED IN AN AREA WHERE THERE ARE NO OTHER VIABLE ENERGY SUPPLY ARRANGEMENTS**

For the purpose of providing a service of retailer of last resort for the embedded network, the incumbent retailer has no other viable energy supply arrangements.

The embedded gas network is connected to the Australian Gas Networks Pty Ltd distribution network via a parent meter.

**11 THE DATE FROM WHICH YOU INTEND TO COMMENCE SELLING ENERGY**

No known start date. Selling energy will only commence if the incumbent retailer fails.

**12 MAILING ADDRESSES FOR PREMISES AT SITE**

Residential properties are under construction. At the time of submitting this application, 20 properties were near completion, one tenant had moved in. The development schedule for the residential properties is over 5 years.

The on-site address for the developer is Tonsley Village Sales & Information Centre – PEET, Tonsley Boulevard, Clovelly Park, SA 5042.

If the AER requires further details of property addresses in respect of this application, we will provide them upon request.

**13 Details of any experience in selling energy**

Enwave Tonsley has no direct experience in selling energy. Its functions relate to the provision of distribution utility services.

Enwave Tonsley is a licensed retailer for non-drinking water by way of being the provider of the non-drinking water distribution services. All billing and customer enquiries including onboarding and offboarding of accounts has been outsourced to related entity (and incumbent natural gas retailer) Tas Gas Retail. All 850 residential premises planned for the Tonsley Innovation will be connected to the non-drinking water embedded network.

Enwave Tonsley is a wholly owned subsidiary of Enwave Australia Pty Ltd (ACN 147 370 527).

Enwave Australia owns a number of entities who are energy retailers: Tas Gas Retail (authorised retailer for natural gas, licenced also in Tasmania and Victoria); Enwave Mascot an electricity

authorised retailer (incumbent electricity retailer for the Tonsley Innovation District); and Enwave Central Park an exempt retailer for an embedded network in NSW.

Enwave Tonsley will draw from experience and resources of related entities, should it need to perform a retail service if Tas Gas Retail fails.

If Tas Gas Retail, fails, the intent is as follows:

- a) Supply to the parent meter to be novated from Tas Gas Retail to Enwave Tonsley
- b) Enwave Tonsley to access all Tas Gas Retail's policies and procedures for the supply of natural gas to customers onsite. This information is accessible to Enwave Tonsley via a corporate controlled document store
- c) Customer agreements will be novated from Tas Gas Retail to Enwave Tonsley

#### **14 Other selling exemptions or retail licences**

Enwave Tonsley has no other selling exemptions or retail licences in any other jurisdictions. Enwave Tonsley's scope of operations are limited to the Tonsley Innovation District.

#### **15 Alternate arrangements if Enwave Tonsley fails**

Enwave Tonsley is party to the Development Agreement (Development Agreement) with the South Australian Government's Urban Renewal Authority (Renewal SA), dated 15 June 2018 for Tonsley Park. Under the Development Agreement, if Enwave Tonsley becomes insolvent or in the event of some material defaults, Renewal SA has a secured option to purchase all Enwave Tonsley's assets and take over all its contracts.

#### **16 WILL OUR CUSTOMERS BE OUR TENANTS**

No

#### **17 WHAT OTHER SERVICES ARE WE PROVIDING TO CUSTOMERS WE WILL BE SELLING ENERGY TO**

- Gas distribution
- Electricity distribution
- Energy generation from a solar array on the MAB roof within the Tonsley Innovation District
- Non-drinking water distribution & retail

For non-drinking water retail services, all customer interactions and billing functions are outsourced to Tas Gas Retail.

#### **18 TOTAL NUMBER OF CUSTOMERS AT SITE**

Up to 400 residential properties have the option to connect to natural gas on the embedded network. They are all small retail customers.

#### **19 WILL YOU BE ON-SELLING ENERGY**

Yes. If Tas Gas Retail fails, they will novate their gas supply agreement at the parent meter to Enwave Tonsley.

#### **20 WHAT IS THE ESTIMATED AGGREGATE AMOUNT OF ENERGY WE ARE LIKELY TO SELL**

Each residential town house will have the option to connect a cooktop and hot water to natural gas. Annual gas usage has been estimated at 7.4 GJs per annum. Therefore, if every premises connects total aggregate demand is estimated at 2.96 TJs per annum.



**21 WILL YOUR CUSTOMERS BE WHOLLY CONTAINED WITHIN A SITE OWNED, CONTROLLED OR OPERATED BY YOU?**

No. Each residential property will be on a separate title controlled by the property owner. We control the ownership and operation of the utility infrastructure to the premises only. All premises being supplied are in the Tonsley Innovation District.

**22 WILL EACH PREMISES BE INDIVIDUALLY METERED**

Yes

**23 WILL METERS ALLOW YOUR CUSTOMERS TO CHANGE RETAILERS**

Not applicable.

The regulatory framework is not yet set up to support retail competition on gas embedded networks. However, should this position change, Enwave Tonsley is highly supportive of adopting mechanisms that will enable retail competition on its network.

**24.1 IN WHAT FORM AND HOW OFTEN WILL CUSTOMERS BE BILLED**

As a related entity to the incumbent retailer, if the retailer fails and Enwave Tonsley steps in as the retailer of last resort it is intended that there will be complete continuity of service to customers. At a basic level this will mean taking over all customer agreements on the same terms and conditions and pricing.

Enwave Tonsley is part of the Enwave Australia group of companies. Enwave Australia's internal governance structure is such that all policies, procedures and processes of each entity are document and managed in a central document control system which is accessible by all other entities. Further, the companies share internal resources such as management support, human resources, finance, IT, risk management and compliance.

It is assumed that the centralisation of these resources and systems will enable Enwave Tonsley to provide continuity of service to customers through the transfer of human resources and internal systems and controls that are related to providing a full retail service.

**24.2 WILL YOU BE ISSUING BILLS YOURSELF OR THROUGH A BILLING AGENT**

It is envisaged that Enwave Tonsley will be given access to Tas Gas Retail's billing system and will be able to issue bills itself. Alternatively, if it does not have access, Enwave Tonsley will issue bills through a billing agent. On the basis that the status quo prevails, Enwave Tonsley will use NextGen Utilities (a related entity of WinConnect) to issue bills. NextGen Utilities is currently the billing agent for related entity, Enwave Mascot who is an authorised electricity retailer on Enwave Tonsley's electrical embedded network.

As NextGen Utilities will have all the customer details already through its role as the billing agent for electricity, the addition of billing services for natural gas will be relatively seamless. As the distributor, Enwave Tonsley will have all meter and data information to assist in the transfer of information to NextGen Utilities to enable it to establish billing services.

As there will only be a small number of gas customers, this will increase the ability of Enwave Tonsley to move relatively quickly as opposed to a situation where thousands of customers were being transferred.

## **25 DISPUTE RESOLUTION PROCEDURES**

Enwave Tonsley will adopt all relevant policies of the retailer including managing Complaints. A copy of the Complaints Policy is provided. These are compliant with AS/NZS 10002:2014 Customer Satisfaction – Guidelines.

Enwave Tonsley is a member of the Energy and Water Ombudsman South Australia's scheme.

## **26 FURTHER INFORMATION RELEVANT TO THIS APPLICATION**

Enwave Tonsley and Tas Gas Retail have an agreed process to manage the transfer of customers in the unlikely event that Tas Gas Retail fails which is set out in a retailer of last resort agreement. A copy of this document is provided.