

HI SURF CTS 11533

ABN 33089885759

Application for Individual Exemption

Part A: Public Application

Part B: Private Application

(Includes commercial information and IP presented to Hi-Surf in addition to confidential communications between parties)

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Hi-Surf Beach Front Resort Apartments is a Body Corporate who commenced investigation into reducing resident's energy costs through bulk supply in 2010.

The Body Corporate initiated discussions with owners and residents directly through formal and informal Body Corporate avenues and met with Energy Resources Corporation (ERC) in 2017 and subsequently formally appointed ERC as an AEMO Accredited Embedded Network Manager (ENM) to manage the process.

In 2019 The Body Corporate have revisited the discussions and expectations were based around the Body Corporate providing energy savings to residents and the resident's preference for a Body Corporate Exemption structure or retail model, whilst continuing to provide consumer protections aligned with the expectation of the Energy and Water Ombudsman Queensland (EWOQ), Department of Energy and Water (DEWS) and Australian Energy Regulator (AER) and those provided by direct authorised retail agreements.

The consultation process ensured all residents were provided with sufficient information to make informed decisions and ensure that should they wish to be excluded from the bulk supply, their power of choice would be respected and their decision to exercise their right to opt out if selected would be accommodated by the Body Corporate.

It was clearly communicated by the Body Corporate that through the implementation of an embedded network, customers were not to be disadvantaged and that all protections, rebates, avenues for assistance and procedural fairness for residents would continue however the physical requirements for conversion to an embedded network may preclude residents from access to an alternative supplier.

Multiple onsite communications and meetings with residents and The Body Corporate for Apartments ensured all residents were clearly informed prior and during the consent process being completed.

The information and discussions allowed each residents to provide their consent or advise of their choice to opt out, 100% of owners and residents provided their consent to proceed and be included in the bulk supply either directly at the Body Corporate meetings or through subsequent discussions with onsite management or ERC.

1: Legal name HI SURF CTS 11533

2: Trading Name Hi-Surf Beachfront Resort Apartments

3: Australian Business Number (ABN) 33089885759

4: Registered postal address for correspondence

150 THE ESPLANADE SURFERS PARADISE QLD
4217

5: Nominated contact person

Matthew Blundell

ERC Director 0754378188 matt@energyresources.com.au

Paul Tucker

Body Corporate Representative / Onsite Manager

buildingmanagement@hisurfgoldcoast.com.au

6: Why you are seeking an individual exemption

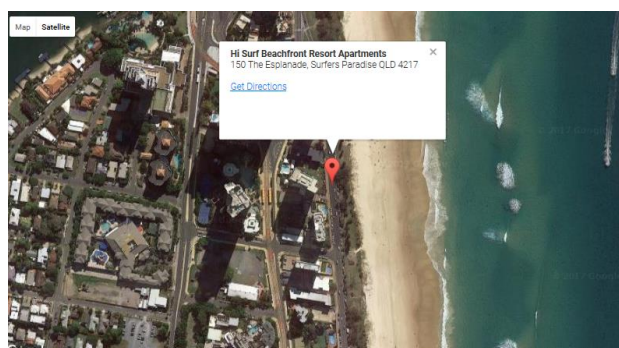
The Body Corporate intends to on sell energy to residents of Hi-Surf to ensure residents energy costs can be minimised as much as possible.

The ability to offset network costs through an embedded network without the cost of a retailer authorization ensures residents energy costs can be reduced as much as possible.

The on selling of electricity to residents is not the core business of the Body Corporate and all rights of the resident to confirm inclusion or exclusion as their power of choice has been respected.

7: The address of the site at which you intend to sell energy

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HI Surf Apartments is a residential multi-unit complex.

8: The primary activity of your business and of the Body Corporate

HI-Surf is a Residential Apartment complex where the role of a body corporate is to manage the common property and body corporate assets in accordance with Body Corporate legislation.

9: The form of energy

Electricity which is directly connected to the main grid

10: Are you establishing, or have you established, energy supply

The property is an existing dwelling with an established energy supply

11: Commencement date

The intended date of commencement will be established once the application for exemption has been approved and a conversion date can be planned with Energex.

An electrical contractor to complete the conversion process has been approved by the Body Corporate.

12: Mailing address

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4217

13: Details of any experience in selling energy

The Body Corporate has appointed Energy Resources Corporation (ERC) to administer the on selling process as they have managed embedded networks for over 15 years and is an AEMO accredited ENM.

ERC refers to the AER Retail Exempt Selling Guideline Version 5 March 2018 for administration compliance advice & to ensure the Bodies Corporate is not exposed to noncompliance penalties.

ERC administers in accordance with EOQ, DEWS and AER expectations.

ERC also ensures all residents have access to qualified personnel and assistance in reducing their personal energy costs at no additional cost.

14: Current or previously held retail license or energy selling exemption

NIL

15: Arrangements for non-service

All residents are aware that the network provider, currently Energex does not change and the susceptibility to power outages will remain as it currently is.

There are no additional risks or liabilities to residents by the implementation of an embedded network.

The Body Corporate will arrange for the purchase of the meters from Energex to be used for calculation of individual invoices and will assume responsibility for the functionality of those meters. Responsibility for the main switchboard reliability remains that of the Body Corporate.

All residents kWh meters will remain in place and continue as they have previously with a direct supplied retailer.

Where a scheduled power outage is to occur the Body Corporate via ERC will communicate to all residents by both email and hard copy to ensure all occupants are aware of any planned outage. This communication is to include detailed information of the outage as documented by the network provider.

All residents are provided with the contact numbers for Network outages and any unplanned outages will be communicated to all residents as soon as it is identified.

The Body Corporate will communicate any supply issues to all residents as soon as it is identified as will ERC as the primary contact for residents. In the event of The Body Corporate no longer being able to supply energy to residents, all parties would work with a suitable retailer to ensure consistency of supply and service to all residents of Hi-Surf with continued conditions and services as agreed through the consent process.

Particulars relating to the nature and scope of the proposed operations:

16: Will your customers be your tenants?

There are 106 Residential customers all who have consented to be exempt customers.

17: Are you providing other services?

The only commercial relationship the Body Corporate has to residents is the sale of electricity.

18: What is the total number of customers at the site?

106 small customers

194: Will you be on-selling energy?

Yes, Electricity will be purchased from an authorised retailer and on-sold to residents. A competitive tender to major retailers has been completed for supply. Future supply contracts will be a non-brokering agreement appointed following a competitive tender to major retailers.

20: What is the estimated aggregate annual amount of energy you are likely to sell?

The estimated annual electricity to be sold is 445000 kWh between residential lots

21: Site operation

All customers will be wholly contained within the site owned and controlled by the Body Corporate.

22: Metering

A new EDM1 smart parent meter is to be installed in the Main Switchboard.

Metering Dynamics is to be engaged as the meter provider.

Each lot will then be separately metered using the same meter and meter number currently identified as the Energex asset utilised by the direct supply retailer.

A lease/sale agreement for the meters will be established with Energex.

Any future metering requirements by a resident to access retail supply to exercise their POC will be assisted by the Body Corporate where requested.

23: Type of Metering

An EDMI smart meter will be installed as a new parent meter for the single point of supply.

The current tenancy meters in place are basic/accumulation meters read manually which will continue. These meters do not allow access for remote reading.

Should a resident wish to revert to grid connection the Body Corporate and its agent will assist in the management/transition to grid connection should future requirements enable residents to do so.

Should a resident wish to engage their POC and source energy from a retailer, the Body Corporate will assist in the metering requirements required to enable the resident to do so. It is the intention of Body Corporate to continue to use

the existing individual Energex meters currently used by each individual retailer once the retrofit conversion has been completed.

Should a customer choose to change retailer requiring a meter upgrade the Body Corporate will assist the retailer to facilitate any request for that meter.

24: Meter Reading Schedule

The meters will be read monthly by an ERC representative, all final reads will also be completed by an ERC representative. The onsite manager will assist in these operations. Invoices will be issued by ERC as an AEMO ENM.

Customers are separately metered

Customers will receive invoices from ERC via a communication medium of their choosing.

All initial invoices will be issued by both email and hard copy letter to ensure receipt. Further method will be as requested by the resident.

Residents will continue to have all payment options they currently have through their retailer.

Residents will have access to BPay, direct debit, credit card and phone pay facilities. ERC is also registered for

Centrepay for those residents who require the assistance of Centrelink.

Reasonable payment plans will be offered to all residents who contact ERC.

25: Dispute Resolution Process

ERC Complaints Disputes Resolution Policy is consistent with AS/NZS 10002:2014

Customers who wish to lodge a query on their invoice will do so directly to ERC via their online query process or by contacting the customer service team directly.

Any query will be processed according to the ERC Query procedure documentation available to all residents.

Residents are provided a 4 business day turnaround on all queries.

A resident will at all times have the option of further investigation by a qualified tradesman with the confidence that should fault be found onsite the Body Corporate accept responsibility to remedy the situation.

Should a resident wish to escalate their query or are unsatisfied with the initial outcome they may request it be accelerated to ERC senior management who will respond within 4 business days.

Where a resident wishes to escalate the query further ERC will on their behalf and at their request provide a summary of the query and steps taken to resolve the issue to the Body Corporate committee.

Where requested, ERC will provide the contact details of regulatory bodies AER, The Energy and Water Ombudsman Queensland (EWOQ) and Department of Energy and Water Services (DEWS) as a dispute resolution reference point for unresolved complaints. Residents have been advised they would not have access to EWOQ directly and their complaint would be as per ERC Complaint Dispute Resolution Policy as attached.

The Body Corporate has directed ERC that all queries that may escalate to complaints are to be treated in accordance with the expectation and guidelines provided by AER , EWOQ and DEWS to ensure residents are afforded comparable assistance and outcomes to customers outside embedded networks.

Residents are informed The Office of the Commissioner for Body Corporate and Community Management offers conciliation for customers unable to obtain resolution.

Tenants can access the Residential Tenancy Authority (RTA) website for advice on ways to resolve disputes under The Act and conditions directly related to the 'charging of utilities'.

Rebates or concessions

All rebates and concessions are managed directly by ERC who are directly registered with Department of Concessions (DOCS)

ERC will also ensure any residents who may be eligible for assistance schemes are assisted to do so.

ERC includes information and direction on how to claim rebates in the welcome pack residents receive once their account is set up.

Efficiency options

Energy Efficient solutions will be available to residents and assistance provided where applicable.

Should solar or other generation be available it will be accommodated where possible.

ERC will provide load profile reporting to monitor Power factor onsite and also monitor peak demand times with a view of managing solutions to provide residents with information of how to manage peak demand to lower their energy costs and in turn lower their individual purchase price.

ERC provides a walk through peak demand identification process with a view to identifying and reducing peak demand onsite.

26 Further information

The Body Corporate has ensured a full consultative approach has been adhered to ensuring all residents have the information available to make an informed choice in registering their consent or choosing to opt out.

The Body Corporate has at all times stated it is the individual choice of each resident to register their consent.

All residents have been provided with the relevant legislation for reference and advised of the consultation process and encouraged to partake through this period.

All residents have been assured that they are protected by legislation and cannot be charged more than their relevant area retailer.

All residents have been assured the Body Corporate cannot make a profit and that the embedded network is a cost recovery process for The Body Corporate.

All residents have received assurances they will be provided with the same level of service and protections they now receive.

The Body Corporate and its appointed Service Provider ERC have been accessible and engaged with all residents since the appointment to clarify any questions raised in a transparent manor.

Communications have been thorough and completed in good faith by all parties.

Residents were informed of their legislative rights on information for Embedded Network Customers
Power of Choice legislation and the availability to choose their own retailer at any time

Dispute Resolution Process with regard to embedded networks

AER exempt selling guidelines

7.2.1 Assessing an application involving retrofits

Mitigation of detriment: Retail contestability and competitive offers

An exempt customer will continue to have access to existing off peak tariffs such as tariff 31 or 33 where applicable should they wish to facilitate the installation and they will be charged the lower of the bulk unit rate or the published tariff.

Any genuine retail offer to a resident will be matched if not already offered.

If it arises where a resident can access an offer from a direct retailer a metering solution will be sought to ensure there is no detriment to the resident for their inclusion in the embedded network.

All residents have been informed their meter may be bypassed from the conversion to the parent meter should they wish to opt out of the process during the conversion stage.

All future energy retail supply agreement will be appointed by the committee following a full competitive tender of all major retailers and the appointed retailer will be identified as offering the best solution to the residents.

The energy retail supply agreement will be free of any brokering or commissions from any retailer to ensure transparency and full benefits of the embedded network is enjoyed by all residents.

Residents will continue to have access to information and billing consistencies they are currently afforded by a direct authorised retailer.

All billing information and service expectations will be in accordance with those outlined in the retail exemption guidelines.

Provision of Information

27 All residents were advised of the process of installing a parent meter to the complex to enable the site to purchase electricity at 1 point of supply. Information was passed

through Hi Surf Bulk Energy Savings and the conversion process document.

28 Residents have been advised they have options to opt out through the consent process or exercise their power of choice to engage a retailer after the retrofit conversion. All Hi-Surf Residents were informed they have the right during the consent process to opt out and that it is entirely their choice to be included or not in the conversion. All Hi Surf Residents were informed they have the option to exit the embedded network at a later date to exercise their Power of Choice.

29 Residents have been advised they may opt out during the consent process and after the consent process they have the option to exercise their Power of Choice (POC) , they have been advised they may require an energy only agreement from a retailer which may be difficult.

30 Residents have been advised of the protections in place and their inability to access EWOQ. Residents have been referred to ERC Customer Dispute Resolution Policy. This has been clearly outlined in HI Surf Bulk Energy Savings document section Queries/Complinats/Disputes.

31 The Body Corporate have confirmed to all residents the electricity will be recovered on a cost recovery basis to

provide residents with the lowest price possible for their electricity. All residents were advised of expected savings and tariff and advised all savings from the implementation will be passed on to the residents.

As all savings are being passed on at a cost recovery basis, the tariff is not set and will be adjusted periodically to ensure all residents are paying the lowest price possible for their electricity.

Expected tariff calculated was disseminated

32 Please contact Matthew Blundell
matt@energyresources.com.au or Paul Tucker
buildingmanagement@hisurfgoldcoast.com.au

should there be any questions regarding the retrofit

33 All residents have provided written consent to the retrofit conversion

34 Residents were advised they could consent to the retrofit process and continue to seek supply from a retailer or be supplied by the Body Corporate. Customers consent for the retrofit was sought and customers also advised that they had the option of purchasing electricity from a retailer or the Body Corporate. The consent to retrofit was initially sought followed by consent from all residents in agreement for the sale of energy.

35 There were no concerns from residents other than general assurance they would not be disadvantaged by the conversion.

Retail Contestability

36 It has been confirmed that if required , a resident could be wired out of the embedded network.

37 There are no residents who wish to remain with their retailer.

Customer Dispute Resolution Services

38 All residents have been advised of ERC's Customer Dispute Resolution and provided the ERC policy for reference. All residents have been advised they would not have access to EWOQ and any complaint would be as per ERC policy.

AER Consultation

39 All residents have been advised each individual exemption application is published on the AER website and public submissions are invited.

All residents have been advised notification will be placed onsite to alert all residents the application has been published and consultation process is in place.

Residents have been encouraged to participate in the consultation process.

Body Corporate representatives were made available at all times to respond to residents questions as were ERC management post their appointment.

ERC has not received any questions relating to the process and all documentation has been left onsite.

ERC was requested to confirm all applicable rebates and how they would be administered, it was noted ERC is directly registered with DOCS and all rebates would be applied directly to the residents invoice at the time of billing and ERC would recover through the DOCS process.

It was confirmed to residents that they have the option of payment plans, and it was also noted customers could pay each week or month in advance to reduce the invoiced amount each quarter.

Residents were supplied with relevant documentation and further information links to ensure they were fully informed to register their consent.

Through the subsequent consent process in 2019 ERC has not received any questions or concerns.

The application for exemption will be made available to all residents through the Body Corporate dissemination of information and also through ERC customer service team.

Further direct discussion sessions have been held by management and all contact details for ERC has been left onsite to ensure they were available to answer any questions from residents.

Residents were provided with examples of billing information, the invoice query process and the recovery process including how they would be notified of non-payment and disconnection procedures.

Consent was received from 100% of residents at HI-Surf

Embedded Site Conversion Confirmation

It is confirmed that through information dissemination, Body Corporate meetings and through documentation distribution that all residents were informed and have provided their consent or advised of their decision to opt out of the retrofit conversion of HI-Surf.

All residents have received information pertaining to the practical application of embedded network and the guidelines under which it must be administered.

All residents were advised they would receive updates on commencement dates and that calculated tariffs would be communicated to them along with all relevant information.

All residents had been offered the opportunity to register their objection or consent to the process through Body Corporate meetings, subsequent EGM , AGM.

All residents have also been advised of the public consultation process once the application has been progressed and will appear on the AER website.

Part B

Please find attached all supporting documentation noted on the application (attachments not for publication)

Noted:

Hi-Surf Acceptance Form Notice

ERC Bulk Conversion Process Document

ERC Terms & Conditions

ERC Hardship Policy

ERC Peak Demand Identification Process

ERC Query Procedure

ERC Customer Disputes Resolution Procedure

QLD Electricity Rebate Form

Hi-Surf Welcome Letter for new residents

Hi- Surf Bulk Energy Savings Document

ERC Information Provided for Embedded Network Customers