

Individual exemption application

1 Solar Power Purchase Agreements (SPPAs)

When applying for an individual exemption for selling energy via SPPAs, please note that some of the information requested in the guideline is not relevant to your type of selling, and you do not need to address these questions in your application. Questions that do not need to be addressed:

- general requirements – 7, 10, 12 and 15
- particulars relating to the nature and scope of the proposed operations – 1, 3, 4, 5, 6, 7, 8, 11, 12 and 15.

In addition, applicants need to address the following questions.

2 Energy industry experience

HumEnergy Group has two founders and key personnel: Ben Humphreys and Ian Humphreys.

Ben Humphreys has nearly 15 years experience in the energy industry from hands on operator to engineer to commercial analyst. He has direct experience in financial modelling and analysis of energy projects, tariff setting and structuring for PPAs.

- Jul 2012 – Current: **Commercial analyst, Geodynamics Ltd**
- Jul 2011 – Current: **Senior Mechanical engineer – Power, Geodynamics Ltd**
- Aug 2008 – Jul 2011: **Mechanical engineer – Power, Geodynamics Ltd**
- Jun 2007 – Aug 2008: **Graduate mechanical engineer – Power, Connell Wagner**
- Jun 2004 – Nov 2006: **Pipeline operator, Santos**
- Jun 2000 – Jun 2004: **Drill rig worker, ODE (now Ensign) & Eastern Well Services**

In addition, Ben has over 4 years post graduate education focused on energy.

- Jan 2012 – Dec 2013: **Masters of Science – Renewable Energy (Murdoch)**
- Jan 2010 – Dec 2011: **Post Graduate Diploma – Energy Studies (Murdoch)**
- Jun 2004 – Jun 2007: **Bachelor of Mechanical Engineering (Management Major)**
1st Class Honours, GPA - 6.74 (1 low - 7 high), Queensland University of Technology

Ian Humphreys is a qualified electrician and accredited CEC designer and installer. Ian has over 15 years experience with Ergon Energy, runs an electrical contractors business, and is a qualified high voltage linesman.



2.1 What is your pricing structure - will you charge for energy only or are there other fees? Will you charge only for energy consumed or all energy generated?

The pricing structure will be to charge for energy only on a per kWh basis. This will be for all energy generated.

2.2 Are there related companies and what is their function? Do you intend to transfer any functions to any other related companies?

No.

2.3 Do you intend to sell to commercial or residential customers, and what size systems will you install?

Humenergy intends to sell to both commercial and residential customers. Typical system sizes will range from 5 – 30 kW.

2.4 Do you intend to use fixed term contracts and, if so, how long will they be?

Yes, contracts will be fixed between 10-15 years in duration, with options for extension.

2.5 Under what circumstances can the customer terminate the agreement and at what cost?

The customer can terminate the agreement under the following conditions:

- If the customer is leaving the premises and the new tenant/owner will not accept transfer of agreement, in this case the customer must pay out the agreement at the pre-agreed purchase price accounting for the time elapsed under the agreement up until that.
- Under some contracts, but not all, the customer can terminate at any time they wish providing they pay out the agreement at the pre-agreed purchase price accounting for the time elapsed under the agreement up until that point

2.6 What happens when the contract ends? Who owns the system?

Upon completion of the contract, ownership transfers to the customer providing any pre-agreed pay-out figure is paid.

3 General information requirements

Please provide the following information in your application for the grant of an individual exemption:

3.1 Your legal name. If you are a body corporate or community corporation, please indicate this.

Humenergy Group Pty Ltd

3.2 Your trading name if different to your legal name.

NA

3.3 Australian Business Number (ABN) or Australian Company Number (ACN).

- ABN: 15 601 324 387
- ACN: 601 324 387

3.4 Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.

- 15 Sandi St, Oxley QLD 4075

3.5 Nominated contact person, including their position in the organisation and contact details.

- Ben Humphreys, Managing Director
- 15 Sandi St, Oxley QLD 4075
- 0412 429 231

3.6 Why you are seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances.

An individual exemption is sought to sell energy direct to a customer from solar PV systems, and other distributed generation technologies. It is appropriate to receive an exemption because the systems are installed on the customers side of the meter.

3.7 The primary activity of your business (for example, managing a shopping centre).

The primary activity of the business is providing distributed generation and energy efficiency technologies.

3.8 The form of energy for which you are seeking the individual exemption (electricity or gas). For electricity, please state whether the network you propose to sell is directly or indirectly connected to the main grid or is (or will be) an off-grid network.

The intention at this stage is to provide electricity only. However, gas has been identified in the business plan for the future. If this application is adequate to cover both, please treat application for individual exemption for both electricity and gas. If this application is only sufficient for electricity, please treat as such.

3.9 Are you establishing, or have you established, energy supply in an area where there are no other viable energy supply arrangements available.

In some remote cases.

3.10 The date from which you intend to commence selling energy.

Upon approval being granted.

3.11 Details of any experience in selling energy, for example:

Date/s and location/s of previous operations, form/s of energy sold, and scale of operations (that is, the number, size and type of customers):

- Experience in selling energy comes from developing renewable energy projects domestically and internationally. The forms of energy to be sold were electricity and process heat in the form of hot water. The scale of these projects has been from 1MW_e up to 100MW_{th} .



- Also, experience as a pipeline operating completing the physical transfers for sales agreements for Crude Oil.
- In addition, over 15 years experience with Ergon Energy, with numerous years experience in the retail/customer service department.

An explanation of which activities will be conducted in-house and which will be contracted out to third parties.

- The following activities will be carried out internally or by direct sub-contractors:
 - Marketing
 - Retailing
 - Procurement
 - Installing (some)
 - Monitoring
 - Maintaining
- The following activities will be carried out by third parties:
 - Importing and distribution
 - Freight
 - Installing (some)

3.12 Whether you currently hold, or have previously held or been subject to, an energy selling exemption or a retail licence (retailer authorisation) in any state or territory. If so, please provide details.

Not applicable.

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

To determine whether it is appropriate to exempt you from the requirement to hold a retailer authorisation, we need information on the nature and scope of the operations you propose to conduct. Please answer the following questions:

4.1 Are you providing other services (for example, accommodation/leasing of property) to persons on the site who you intend to sell energy to? Or will your only commercial relationship to persons on the site be the sale of energy? If you are providing other services, please specify what these services are, and the contractual or leasing arrangements under which these services are being provided.

Humenergy Group will also be providing energy optimisation services to customers.

4.2 What types of meters will be used? For example, basic/accumulation meters, manually read interval meters or remotely read interval meters? Will these meters allow your customers to change retailers (i.e. not source their energy from you)?

The solar inverters chosen have inbuilt metering that can be remotely accessed. These will be the meters used for measuring electricity sold. For gas, specific metering will be installed. These meters will be physically inspected on a 6-12 monthly basis during regular system maintenance checks.

Customers can still receive energy from the grid or any other gas supplier as they see fit. However, customers are obligated to pay for the onsite energy generation from systems installed by Humenergy for the length of the agreement.

4.3 What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which Standard or Standards. For electricity meters, will the meters comply with National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013?¹

The inverter meter's accuracy is depending on the assigned error class (normally error class 1 or 2), it may have a measuring error of up to $\pm 2\%$ (class 2) according to DIN EN 62053. Mechanical electricity meters generally meet the accuracy requirements of class 2.

4.4 In what form and how often will customers be billed? Will you be issuing bills yourself or through a billing agent?

Humenergy Group will be self-billing customers. Customers will be billed on a monthly or quarterly basis depending on the specific agreement.

¹ For further information, see www.measurement.gov.au.

4.5 What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues?

1. Dispute resolution is covered in commercial agreements.
2. We agree to discuss in good faith and attempt to resolve any dispute.
3. We have a 28 days dispute and 28 reply periods.
4. We provide accessible information to customers about how and where to make a complaint.
5. We endeavour to address each customer complaint in an objective and unbiased manner, with a view to achieving a fair and reasonable outcome.
6. We advise the customer that if a complaint is not resolved to their satisfaction, they have the right to have your complaint referred to a higher authority being the Energy and Water Ombudsman Queensland and Queensland Competition Authority.

4.6 Will you make energy efficiency options available to your customers? Will your network incorporate solar or other generation options for sustainability purposes? If so, will you use gross or net metering?

Yes we will provide energy efficiency options and we may include other generations if economically feasible. Gross metering will be utilised in all anticipated scenarios as the overwhelming majority of energy will be sold direct to the customer.

4.7 Please provide any further information that you consider would assist us to assess your application.

None provided at this stage.

5 Additional Questions

5.1 Which states/territories do you intend to sell SPPAs in?

Only Queensland and New South Wales at this stage.

5.2 Who will own any renewable certificates generated by the system and if energy is exported to the grid will the feed in tariff accrue to the customer or Humenergy?

Humenergy will own all renewable certificates.

Feedin tariffs will accrue to the customer.

5.3 For residential customers, please outline what happens if a customer can't pay their bill?

In short, if a customer cannot pay their bill and has no means of doing so in the foreseeable future we will recover the equipment and the contract will be terminated. The customer will still be liable for any outstanding monies and removal costs, we will negotiate an appropriate settlement payment plan.

The following is an extract from our standard T&Cs:

1. Any failure by you to pay us any sum due for a period of more than thirty (30) days after date of invoice will result in you being considered delinquent in making payment and formal steps will be taken to recover payments,
2. If an Event of Default by you occurs, we may exercise all remedies available at law or in equity or other appropriate proceedings including bringing an action or actions for recovery of amounts due and unpaid by You, and/or for damages which shall include all costs and expenses reasonably incurred in exercise of its remedy.
3. In an Event of Default by you, we may also, at our desire, switch off and/or remove the equipment from the Premises.
4. If we give you notice of termination due to an Event of Default you must immediately make the equipment available for pick-up by us in good working order, and in good repair (fair wear and tear excepted).

5.4 You mention that Humenergy will own the solar panels. Can you confirm that Humenergy will be selling energy via SPPAs and will be financially responsible in the event that the customer can't pay?

Humenergy intends to sell energy via PPAs, but will also lease/rent solar systems to customers if this point suits their needs better. In these cases, Humenergy retains ownership until such time as the system ownership passes to a customer via end of agreement/payout.

Refer to previous responses for event of customer can't pay.

5.5 You mention that at the end of the contract ownership of the system will pass to the customer if they pay a buyout fee. If they don't choose to pay the fee, please outline who owns the system and how they can organise for its removal if desired.

The following is an extract from our standard T&Cs:

1. The Contract will end at the end of the term, upon which the following options exist:

- a. You can extend the Contract, or
- b. You can purchase the equipment outright in accordance with the payout schedule, or
- c. Subject to the previously mentioned clauses being unacceptable to you, we will, at our discretion, recover the equipment.

5.6 You mention that customers will be able to terminate the contract only for some contracts. Will the contracts from which customers cannot exit be offered to residential customers? If so, please outline all (if any) options for terminating the contract and the length of the contract.

Special conditions that allow discretionary termination may be included on a case by case basis, if the customer is intending to leave the premises, or if they wish to lease to buy.

In general, early termination is only allowed if the customer is leaving the premises.

The contract durations are typically 15 years.

The following is an extract from our standard T&Cs:

1. You are not permitted to end the agreement early for any other reason than you are leaving the premises.
2. If you are leaving the premises and need to end the agreement the following options exist:
 - a. Transfer the agreement to the new owner/tenant, or
 - b. The new owner/tenant can purchase the equipment from us at the market value replacement cost less a reasonable amount for depreciation as determined by us, or
 - c. Subject to the previously mentioned clauses being unacceptable to the new owner/tenant, you shall payout the agreement in accordance with the payment schedule.
 - d. If you are leaving the premises you must provide 30 days written notice including how you intend to end the agreement.

5.7 Regarding your query about an application for gas, we will consider this application as being both for gas and electricity. If successful, you will receive two exemptions, one for each fuel. Could you please describe how you propose to source the gas and what type of customers you would sell it to.

Humenergy is yet to develop any plans with regard to the supply of gas. However, the vision exists to include energy efficiency options which may or may not include the supply of gas for transport. In this case, Humenergy would look to buy gas from a gas retailer. Any customer is most likely to be commercial or government.

Alternatively, in some businesses it may be viable to produce gas from waste products, such as biogas. In this case, Humenergy may own the equipment and sell the gas produced.



5.8 Regarding your intended commencement date of 1 October 2014, please note that our application and approval process generally takes 8-12 weeks (beginning once your application is accepted) and in some circumstances can take longer. Be aware that you cannot sell electricity/gas in jurisdictions where the National Energy Retail Law applies (currently NSW, the ACT, SA and Tasmania), unless you hold either an exemption or authorisation.

No PPAs will be issued in NSW, the ACT, SA or Tasmania until the necessary approvals are in place.