



## Application for a National Retail Authorisation

---

2 August 2013

## Table of Contents

<b><u>1</u></b>	<b><u>INTRODUCTION</u></b>	<b><u>4</u></b>
<b><u>2</u></b>	<b><u>THE APPLICANT AND NATURE OF THE APPLICATION</u></b>	<b><u>4</u></b>
2.1	APPLICANT DETAILS	4
2.2	REGISTERED ADDRESS	4
2.3	PRINCIPAL PLACE OF BUSINESS	4
2.4	CONTACT PERSON	5
2.5	FORM OF ENERGY	5
2.6	COMMENCEMENT	5
2.7	TYPE OF CUSTOMER	5
2.8	NATURE AND SCOPE OF THE OPERATIONS PROPOSED	6
<b><u>3</u></b>	<b><u>OBJECTIVE OF RETAIL LAW</u></b>	<b><u>6</u></b>
3.1	EFFICIENT OPERATIONS AND EFFICIENT INVESTMENT	7
<b><u>4</u></b>	<b><u>ORGANISATIONAL AND TECHNICAL CAPACITY</u></b>	<b><u>8</u></b>
4.1	PREVIOUS EXPERIENCE	8
4.2	STRATEGIC APPROACH	8
4.3	PEOPLE ENERGY CORPORATE STRUCTURE	9
4.4	PEOPLE ENERGY ORGANISATIONAL STRUCTURE	12
4.5	KEY STAFF MEMEBERS	15
4.6	KEY SERVICE PROVIDERS	15
4.7	HUMAN RESOURCE POLICY	16
4.8	COMPLIANCE STATEMENT AND PROCEDURES	16
4.9	CHIEF EXECUTIVE OFFICER DECLARATION	17
4.10	RISK MANAGEMENT	17
4.11	COMPLAINTS MANAGEMENT	18
4.12	PRIVACY	18
4.13	CUSTOMER MANAGEMENT	18
4.14	CUSTOMER TERMS AND CONDITIONS	19
4.15	HARDSHIP POLICY	19
4.16	TRAINING	19
4.17	INSURANCE ARRANGEMENTS	20
4.18	ENERGY OMBUDSMAN SCHEME	20
<b><u>5</u></b>	<b><u>RETAIL SYSTEMS AND SERVICES</u></b>	<b><u>21</u></b>
5.1	RETAIL SYSTEMS	21
5.2	MANAGEMENT SYSTEMS	21
5.3	WEBSITE	22

<b>6</b>	<b><u>ADDITIONAL BUSINESS REQUIREMENTS</u></b>	<b>23</b>
6.1	AEMO REGISTRATION & MEMBERSHIP	23
6.2	ASX AUSTRACLEAR MEMBERSHIP	23
6.3	COMMUNITY SERVICES AGREEMENT	23
6.4	CENTRELINK AGREEMENT	23
6.5	METERING ARRANGEMENTS	24
<b>7</b>	<b><u>FINANCIAL VIABILITY</u></b>	<b>25</b>
7.1	BUSINESS PLAN	25
7.2	FINANCIAL	25
7.3	FINANCIAL STATEMENT AND AUDITED FINANCIAL REPORTS	26
7.4	AUSTRALIAN FINANCIAL SERVICES LICENCE	26
7.5	AEMO PRUDENTIAL SUPPORT	26
7.6	CREDIT RATING	26
7.7	DISTRIBUTION ARRANGEMENTS	27
<b>8</b>	<b><u>SUITABILITY CRITERION</u></b>	<b>28</b>
8.1	MATERIAL FAILURES, REVOKED OR FAILED AUTHORISATIONS/LICENCES, ADMINISTRATIVE OR LEGAL PROCEEDINGS	28
8.2	OFFENCES OR SUCCESSFUL PROSECUTIONS	28
8.3	CRIMINAL HISTORY CHECK	28
8.4	DETAILS OF DISQUALIFIED DIRECTORS	28
8.5	BANKRUPTCY IN AN OVERSEAS JURISDICTION	29
8.6	OFFICER DETAILS	29
8.7	PROBITY AND COMPETENCE OF OFFICERS	29
<b>9</b>	<b><u>CONCLUSION</u></b>	<b>30</b>

## 1 Introduction

People Energy Pty Ltd is a privately owned, incorporated company retailing electricity in Victoria. On 27 November 2012 People Energy was granted a licence by the Essential Services Commission (ESC) of Victoria to operate as an electricity retailer in the state of Victoria. A copy of the licence is included in **Attachment 1**.

People Energy is now seeking a National Authorisation from the Australian Energy Regulator in order to continue its retailing of electricity even after Victoria adopts the National Energy Retail Law set out in the Schedule to the *National Energy Retail Law (South Australia) Act 2011 (SA) (NERL)*.

## 2 The Applicant and Nature of the Application

### 2.1 Applicant Details

The applicant is People Energy Pty Ltd ACN 159 727 401.

The company was registered in July 2012 under the Corporations Act 2001. The Company Certificate of Registration is included as **Attachment 2** and the Company Constitution is included as **Attachment 3**.

### 2.2 Registered Address

Level 3, 100 Albert Road  
South Melbourne VIC 3205

### 2.3 Principal place of business

Level 3, 100 Albert Road  
South Melbourne VIC 3205

## **2.4 Contact Person**

Louizanne Diaz

Head of Compliance and Regulatory Affairs

People Energy Pty Ltd

Email:

Tel:

Mob:

## **2.5 Form of Energy**

This application is sought for the purpose of retailing electricity.

## **2.6 Commencement**

The earlier of when Victoria adopts the NERL or People Energy chooses to commence retailing electricity in a State or Territory that has adopted the NERL.

## **2.7 Type of Customers**

People Energy currently retails electricity to residential and small business customers in Victoria under both market contracts and standing offer contracts. It is People Energy's intention to continue this service after the NERL is adopted in Victoria.

People Energy will retail to both small customers and large customers (as defined in the NERL) under both standard retail contracts and market retail contracts.

Our existing Victorian customer contracts have been prepared, as much as possible, for future compliance with the NERL and we will transition our Victorian customers to fully NERL compliant customer contracts in accordance with NERL transitional requirements.

## 2.8 Nature and Scope of the Operations Proposed

As stated above, People Energy is seeking a National Authorisation in order to continue its electricity retailing activity following the adoption of the NERL in Victoria.

People Energy may choose to commence retailing electricity in other States that adopt the NERL and the Australian Capital Territory. Should we choose to do so, People Energy will follow an implementation process that ensures that it has met, and will continue to meet, its compliance obligations in the applicable jurisdictions. **Attachment 4** sets out the scope of consideration and actions People Energy will take when choosing to enter another state. People Energy's Compliance Procedure Manual included in **Attachment 12** sets out the requirements under the National Energy Retail Law, National Energy Retail Rules made under Part 10 of the NERL (NERR) and an overview of jurisdiction specific energy obligations for South Australia, New South Wales, Australian Capital Territory and Tasmania. Queensland and Victoria have not yet adopted the NERL, nor have they introduced legislation to do so. Therefore commentary on jurisdictional specific requirements for Queensland and Victoria are excluded.

In addition People Energy will actively engage with relevant stakeholders in each State and the ACT prior to commencing retailing activities in new jurisdictions.

## 3 Objective of Retail Law

*The objective of the NERL "is to promote efficient investment in and efficient operation and use of energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply of energy"*<sup>1</sup>

People Energy believes that it is able to significantly contribute towards these NERL objectives.

---

<sup>1</sup> Australian Energy Regulator, Retailer Authorisation Guideline, July 2011

### **3.1 Efficient Operations and Efficient Investment**

The People Energy team has been providing competitive options with tailored plans and flexible payment arrangements to Australian customers for many years within the telecommunications market and now to energy customers in Victoria. Also being highly regulated, there are many synergies between experience in the telecommunications market and experience in the energy market.

People Energy will continue to introduce competitive pricing, simple and transparent customer service products and services, compliant processes and systems after the adoption of the NERL. Granting People Energy a National Authorisation will ensure that it is prepared and can continue to retail electricity in Victoria after Victoria has adopted the NERL.

Continuation of People Energy's electricity retail activities after the introduction of the NERL will contribute to the long term interests of energy customers and ensure that energy customers in Victoria and other participating jurisdictions where People Energy commences retail operations will have a wider choice of electricity retailer, thereby adding to a competitive electricity market.

Accordingly People Energy's business model of a low cost service provider, utilising industry best practice and proven customer service operations by leveraging off experienced resources contributes to People Energy's ability to meet the intention of the Energy Laws.

## 4 Organisational and Technical Capacity

### 4.1 Previous Experience

Following receipt of an electricity retail licence in November 2012, People Energy has been operating as an electricity retailer in Victoria since March 2013. It is People Energy's intention to continue to provide simple, transparent and customer focused products and services to Victorian consumers on an ongoing basis. Details of People Energy's customer numbers as at the date of this application are set out in the Business Plan as **Attachment 5**.

Further to this the management team of People Energy and many of its key staff members and service providers have been actively involved within the energy industry for a number of years and have diverse and strong skills and experience within the energy industry, which is highly relevant to People Energy's operations.

Prior to retailing electricity the management team of People Energy have been providing cost effective retail solutions to small customers with a focus on compliance and quality of service, for a number of years within the Telecommunication sector.

A combination of these expertises and skills only further enhances People Energy's ability to operate as a licensed electricity retailer under the NERL.

### 4.2 Strategic Approach

The focus of People Energy's retail strategy is to leverage its robust, financial management to provide cost effective solutions, with a strong focus on managing risk.

The attached Business Plan and Energy Risk Management Policy (for electricity) demonstrate commitment in this area. Refer to **Attachment 5 & 6**



### **4.3 People Energy Corporate Structure**

A diagram outlining the corporate structure of People Energy is included as **Attachment 7** and outlines the shareholdings.

The Directors of People Energy are Sachin Rathi, Russell Mitchell, Ratnasabapathy Nanthakumar and Rustom Irani.

A brief summary of Sachin Rathi, Russell Mitchell and Ratnasabapathy Nanthakumar's experience is provided below.

#### **Sachin Rathi**

Sachin Rathi has a wealth of experience at a CEO level across customer acquisition, sales & marketing for utilities, and also telecommunications business models.

Sachin has an interest in more than 20 per cent of the share capital of People Energy Pty Ltd as shown in **Attachment 7**

Sachin has successfully worked within the telecommunications and marketing industries for over 8 years, having formed a global sales and marketing group which assumed the majority shareholding of Time Telecom Pty Ltd. Sachin holds a Bachelor of Business Management and a Masters of Business Systems from Monash University, Melbourne.

Sachin brings an invaluable diversity of skills and experience to the People Energy Executive Team having worked in vendor and service provider organisations managing indirect and direct sales organisations across both the residential and Small to Medium Enterprise segments.

Historically, Sachin has repeatedly demonstrated having the talent of designing a business model that creates strong growth with a formula of responsible, robust

operations as a solid platform. This is demonstrated when he acquired Time Telecom and rapidly set up procedures to turn it into a dynamic group of companies with accelerating growth, a robust customer base and strong Return on Investment (ROI). The business of Time Telecom Pty Ltd was acquired by M2 Telecommunications Group Ltd in 2012.

The Time Telecom business model has been immediately replicated with Sachin forming Smart Business Telecom, which has also grown rapidly.

In 2012, Sachin's companies were recognised by achieving the BRW Fast Starters 2012 and BRW Fast 100 Companies 2012 Awards. As CEO, Sachin was also a finalist in the Ernst & Young Entrepreneur of the Year Awards 2012, Southern Division.

Sachin's vision and leadership are the inspiration behind the forming of People Energy. His extensive management experience and financial acumen will ensure the success of People Energy in the Australian retail electricity market.

### **Russell Mitchell**

Russell Mitchell has 13 years of energy retail experience at a senior level across customer acquisition, sales & marketing and operations.

Russell is the Chief Operating Officer (COO) of People Energy. Russell holds a Bachelor of Business Marketing degree from Chisholm Institute of Technology, Melbourne.

Russell brings great skills and experience to the People Energy Executive Team having worked in both marketing and energy organisations at various board, management and operational levels.

Prior to joining People Energy, Russell successfully launched the Origin/Powercor Australia mass-market capability for the opening of competition in Victoria and

further expanded his capabilities in his role as the Head of Marketing for Western Power / Synergy.

Specialising in customer & market segmentation alongside a strong retention strategic background, Russell is a passionate leader and brings strategic strengths to the business with his in-depth knowledge of the Australian retail electricity market.

Ratnasabapathy **Nanthakumar**

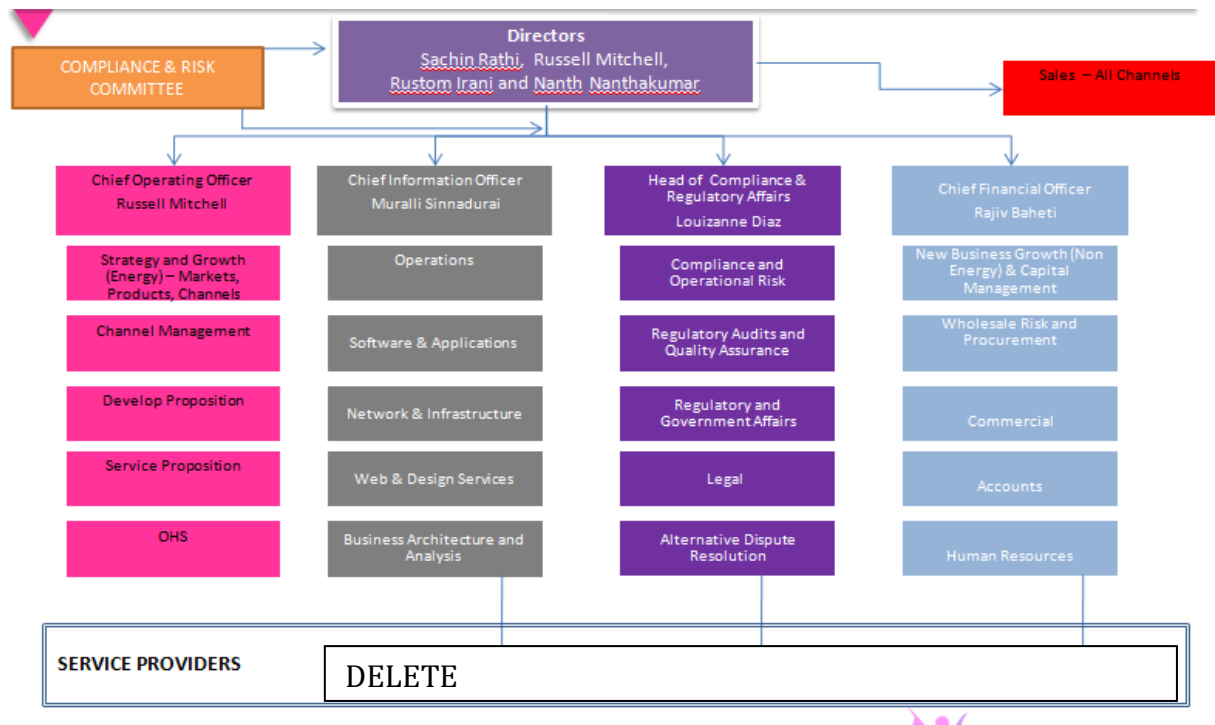
R. Nanthakumar holds a wealth of experience of over 30 years within the Electricity Industry particularly within the competitive electricity market. Nanthakumar has held several key Senior Management positions within business and strategy development, energy markets (wholesale and retail) and operations. Amongst these Nanthakumar held the position of Chief Operations Officer at the Energy Business of Aurora Energy (AE) Tasmania and Chief Executive Officer of Aurora Energy Tamar Valley (AETV) Pty Ltd

Nanthakumar's experience extends to the management of wholesale, retail, trading, finance, business development and power generation around both electricity and gas in Australia and overseas. In regards to trading Nanthakumar has experience for the management of all physical (Spot) trading, financial trading, forecasting and pricing to win wholesale and retail customers in Electricity and Gas. Further to this Nanthakumar has significant knowledge and experience in the areas of Generation Benchmarking, Strategic Asset Management and Performance Measurement Management.

Nanthakumar holds a Postgraduate Diploma in Business (Accounting) from the GIAE Monash University Australia. He also holds Honours Bachelors Degree in Mechanical Engineering from Huddersfield University, Yorkshire, UK. Nanthakumar is a Certified Practising Accountant (CPA) and is also a Chartered Engineers and a member of the Institute of Engineers, Australia.

## 4.4 People Energy Organisational Structure

The current organisational structure is shown below.



The Executive Team of People Energy comprises of Sachin Rathi as the Chief Executive Officer (CEO), Russell Mitchell as Chief Operations Officer (COO), Rajiv Baheti as Chief Financial Office (CFO), Louzanne Daiz as Head of Compliance and Regulatory Affairs (HC&RA) and Muralli Sinnadurai as Chief Information Officer (CIO). A brief summary of the professional experience of the CFO, HoC&RA and CIO is provided below.

### Rajiv Baheti – Chief Financial Officer

Rajiv has more than 13 years of experience across a range of industry and advisory roles. His finance and commercial roles in industry have been with global multinational companies like Nestle, General Electric and Ford Motor Company. With these organisations he has focused on Corporate Finance, Forecasting, Cost Management and Reporting.

Over the last 5 years Rajiv has worked with leading firms like Accenture and Ernst & Young where he has spent considerable time within the utility sector. In these roles

he has worked with organisations like AGL, Jemena and Origin, designing and implementing improved capabilities across finance, risk management, business operating models, reporting and compliance. Outside utilities, he has advised clients on projects aligning risk and finance, building business planning capabilities, improving business processes and establishing performance management processes.

Since becoming CFO of People Energy, Rajiv's key areas of focus have been around establishing energy procurement and clearing processes with AEMO, developing the Energy Risk Management Policy (with Board resolution), aligning wholesale advice from Schneider Electric (Australia) Pty Ltd (previously M&C) to hedging processes with BBY Ltd, developing the budgeting and forecasting capability for People Energy and designing the architecture for the network reconciliation process.

Rajiv is a member of CPA Australia, has an MBA (PGDM) from IIM Bangalore and a Bachelor of Commerce.

### **Louizanne Diaz - Head of Compliance and Regulatory Affairs**

Louizanne entered the energy industry in 1999 prior to the deregulation of the Victorian Energy Market and holds 14 years energy experience. Her experience relates to Compliance, Regulatory Affairs, Complaints Management, Energy Policy, Economic Regulation, Risk Management and Stakeholder Management.

Further Louizanne also has an understanding of the compliance requirements of a liable entity of the Renewable Energy Target Scheme and the Victorian Energy Efficiency Scheme. She also has experience with historical schemes such as the Victorian Renewable Energy Target (abolished scheme) and the Mandatory Renewable Energy Target.

Within energy reforms Louizanne has represented electricity retailers and actively engaged with industry groups and relevant bodies including the Joint Implementation Group and has a detailed understanding of the NERL, National Energy Retail Rules made under Part 10 of the NERL (NERR) and the requirements to transition a retailer to the National Retail Energy Framework.

Over the years Louizanne has participated in a number of working groups within the energy industry. She also played an active role in the Policy Committee of the Energy Retailers Association of Australia (ERAA).

Louizanne has over six years experience in Senior Management positions with second-tier electricity retailers overseeing Compliance and Risk, Regulatory Affairs and guiding the business through energy reforms and changes to legislative and regulatory requirements whilst supporting the businesses to achieve its strategic and organisational goals.

Louizanne holds accreditation as a Certified Compliance Professional (CCP) with the Australasian Institute of Compliance. She holds a Bachelor of Management from Deakin University and is currently completing a joint Masters of Business Administration and Masters of Politics and Policy (Deakin University).

#### **Chief Information Officer – Muralli Sinnadurai**

Muralli has many years of experience as a Senior Executive in the IT industry, specialising in the design and roll out of billing systems interfacing with residential and SME customers.

After successfully setting up one of Australia's first ISPs in 1997, Muralli has been involved at a senior strategic level launching and marketing for large premium IT&T dealerships. Muralli has overseen significant changes and transitions in Billing and CRM Management Systems, and thrives in a dynamic environment.

With senior roles heading up billing, provisioning, hosting and IT developmental divisions, Muralli's experience makes him an integral member of People Energy's executive team.

Having implemented a large range of Customer information systems across numerous sectors, Muralli's experience will be key to the success of People Energy in the Australian Retail Electricity sector.

#### **4.5 Key Staff Members**

Profiles of People Energy's key staff members showing extensive energy experience is set out in **Attachment 8**.

These key staff members have also assisted their previous energy employers with preparation for the adoption of the NERL in their respective roles.

A more detailed organisation chart showing the number of employees and the activities they perform, broken down by business unit is shown in **Attachment 8**.

#### **4.6 Key Service Providers**

As mentioned above a team of energy industry specialist consultants also supports the core team as follows:

Wholesale and Risk Management –*Schneider Electric (Australia) Pty Ltd (previously M&C Energy Services)*

Legal, Regulatory and Compliance – *Maddocks*

Billing and Customer Relationship Management – DELETE

Hosting Services – DELETE

Further information describing the consultants' energy industry experience can be found in **Attachment 8**. The contracts with these service providers are included in **Attachment 9**.

In addition to these service providers, People Energy also has in place arrangements for the provisioning of marketing activities and other services. Copies of these agreements are included in **Attachment 10**. An important aspect to note is that these agreements prescribe requirements on the Service Provider to comply with any NERL or NERR requirements when it comes into force.

#### **4.7 Human Resource Policy**

A copy of People Energy's Human Resource Policy is included in **Attachment 11**.

#### **4.8 Compliance Statement and Procedures**

People Energy understands that electricity is an essential service and compliance plays a significant role. People Energy understands the importance of complying with Energy Laws and the terms of a National Authorisation.

As a current electricity retailer People Energy is already required to comply with Energy Retail Laws in the State of Victoria and have displayed a proven ability to meet these requirements. People Energy has compiled a detailed set of Policies and Procedures to ensure the business can manage its retail operations and remain compliant with all relevant obligations. This has been expanded to recognise the obligations under the NERL and the NERR, Regulations, AER Guidelines and authorisation conditions applicable to the business once the NERL is adopted in the State of Victoria. Accordingly **Attachment 12** sets out People Energy's Compliance Policies and Procedures. Included in the Compliance Procedures is a list of relevant obligations applicable under the NERL and NERR and other State specific requirements which was complied by Maddocks.

The processes and systems required for compliance under these obligations have been built into the companies Policies, Procedures, Processes and Systems as part of the overall Compliance Framework. People Energy has endeavoured to build this Framework in line with AS 3806 and its core principles of Commitment,



Implementation, Monitoring and Measuring and Continuous Improvement. The Compliance and Risk Management Policy has been subjected to external assurance with Grant and Thornton.

The Compliance Statement and Compliance Procedure shown in **Attachment 12** displays People Energy's understanding and recognition of the compliance obligations as set out under the NERL and the NERR. The internal compliance team will, with assistance from Maddocks, ensure identification and compliance of relevant obligations on an ongoing basis.

People Energy confirms it will remain compliant with these relevant obligations.

#### **4.9 Chief Executive Officer Declaration**

A declaration is included as **Attachment 19**, signed by the company Chief Executive Officer, confirming that the risk management and compliance strategies have been approved by the Board and have been made subject to an external assurance processes through Grant Thornton.

#### **4.10 Risk Management**

People Energy has compiled a detailed policy covering Risk Management – incorporating the Energy Risk Management Policy. Although the business plan confirms a controlled and cautious initial growth plan, the key risks associated with operating a retail business have been identified and the Board has endorsed a detailed Risk Management Policy and Procedures. This policy will continue to be relevant, through regular reviews and updates, where appropriate. Please refer to **Attachment 13** for People Energy's Risk Management Policy and Procedures.

In addition **Attachment 14** sets out People Energy's IT Procedures and Disaster Recovery.

#### **4.11 Complaints Management**

The management team of People Energy has developed a Complaints Handling Policy in line with ISO10002 for the handling of customer complaints. The policy recognises the complaints definition under the AER Guideline (for after the guideline becomes effective).

All complaints are taken seriously, handled swiftly and with sensitivity – all details relating to customer complaints are captured in the Customer Management Systems and can be tracked and reported to meet the AER reporting requirements.

A copy of People Energy's Complaint Handling Policy is included in **Attachment 15**.

#### **4.12 Privacy**

People Energy has considered the importance of maintaining the confidentiality of customer information in all interactions – voice, written and web based. Accordingly, a Privacy Policy has been developed and is included in **Attachment 16**. This policy is also available on the People Energy website.

#### **4.13 Customer Management**

All customers are required to provide Explicit Informed Consent before entering into a market contract with People Energy. A comprehensive process involving sales calls, Third Party Verification (TPV) and quality assurance is applied to uphold the quality of customer acquisitions and to ensure that such acquisitions are undertaken in a manner that satisfies or exceeds the requirements of all energy industry specific and general compliance obligations. All documentation relating to retail customers will be retained in a secure environment for a period of at least 7 years.

#### **4.14 Customer Terms and Conditions**

Under its current Victorian electricity retail licence People Energy are required to make available a set of Standard Terms and Conditions, which are approved by the ESC and published in the Government Gazette.

People Energy recognises that there is a similar obligation under the NERL and NERR. A draft Standard Retail Contract to be utilised under the NERL is included at **Attachment 17**.

#### **4.15 Hardship Policy**

In addition to the policies mentioned above please find enclosed in **Attachment 38** a proposed Hardship Policy which has been drafted in line with the “Guidance on AER approval of customer hardship policies”.

#### **4.16 Training**

People Energy has developed a comprehensive training program, which is mandatory for all staff especially those involved in customer interaction. The training program covers the important topics of compliance, customer hardship, complaints and privacy amongst others and has been prepared in line with *Competition and Consumer Act 2010*, Australian Consumer Law, *Privacy Act 1988* and any other relevant legal or regulatory requirements to ensure appropriate interactions with customers. This mandatory training is part of the induction processes for new staff and will be updated and reissued from time to time. All training records are kept with the individual personnel records. People Energy’s Training materials are included in **Attachment 18**.

#### **4.17 Insurance Arrangements**

Enclosed in **Attachment 20** is a copy of People Energy's Insurance Policies

#### **4.18 Energy Ombudsman Scheme**

People Energy is currently a member of the Energy and Water Ombudsman Scheme Victoria. This membership will continue after Victoria adopts the NERL.

Confirmation of this membership is provided in **Attachment 21**.

People Energy would apply for membership of Ombudsman schemes as a pre-condition to seeking to retail in any other NERL participating jurisdictions.

## 5 Retail Systems and Services

### 5.1 Retail Systems

The business will manage the interaction with market participants and counterparts, with a proven suite of retail systems from DELETE CIS - which are used successfully by over 10 energy retailers in Australia who regularly bill in excess of 1 million energy customers annually.

**Attachment 22** contains a summary of the functionality included in the DELTE suite of retail systems from DELETE. The Agreement with DELETE is also included in **Attachment 9**.

### 5.2 Management Systems

To supplement the DELETE CIS, People Energy utilises existing, proven in-house systems for third party verification, quality assurance, customer records management and data management. All of these systems have been developed over a period of time and tailored to the requirements for dealing with existing customers.

People Energy utilises Delete Pty Ltd for external information technology support and hosting. A copy of the agreement between Delete Pty Ltd and People Energy is included in **Attachment 9**.

### **5.3 Website**

People Energy website demonstrates its range of products and services currently available to customers including:

- Terms and conditions
- Pricing information
- Customer Charter
- Terms of Use

In the future the website will also have an online self-service portal to facilitate bill enquiries, payments, change of details etc in order to streamline and improve our product offering and customer experience.

## 6 Additional Business Requirements

### 6.1 AEMO Registration & Membership

People Energy is registered as a Market Participant under the National Electricity Rules effective 7 December 2012. Confirmation of this is included in **Attachment 23**. People Energy satisfies the AEMO prudential requirements. See **Attachment 24** for confirmation.

People Energy is also an industry member of the AEMO. Confirmation of this is included in **Attachment 23**.

### 6.2 ASX Austraclear Membership

People Energy's application to ASX for membership of the Austraclear systems for the settlement of energy purchases was approved. People Energy currently conducts all its wholesale settlements through Austraclear. Please refer to **Attachment 25** for confirmation of this membership.

### 6.3 Community Services Agreements

As an electricity retailer in Victoria People Energy has in place a Community Services Agreement with the Department of Human Services for the provision of concessions to eligible customers. A copy of this agreement is included in **Attachment 26**.

### 6.4 Centrelink Agreements

People Energy also has in place agreements with Centrelink for the provisioning of concession validation and Centrepay for customers in financial difficulty or opting to make payment via Centrepay. Further details of these arrangements are included in **Attachment 27**.

## 6.5 Metering Arrangements

People Energy is currently marketing to small customers in Victoria and uses the deemed arrangements with Victorian electricity distributors for metering. Copies of the Use of System (UoS) Agreements with Citipower, Powercor, United Energy, SP Ausnet and Jemena are enclosed in **Attachment 28**.

When the business prepares to retail electricity to large customers, arrangements will be made to secure commercial terms with appropriate metering providers.



## 7 Financial Viability

### 7.1 Business Plan

People Energy has prepared a detailed Business Plan, which is enclosed as **Attachment 4**. The plan contains details of the positioning of People Energy in the Victorian energy market, including strategy, products, growth estimates and funding requirements.

### 7.2 Financials

People Energy has put in place an investment structure to support the financial requirements of the business and funds have been committed to the business in accordance with the Financial Model and Business Plan. The company assures the AER that it will meet the financial viability requirement of Division 2 Sec 90 (1) (b) of the National Energy Retail Law (South Australia) 2011 (SA) as adopted in other jurisdictions. A Deed of Guarantee is included with **Attachment 29**.

A summary of the financial model encompassing the management strategy for financial risks is enclosed as **Attachment 30** and includes the following:

- Profit and loss forecast containing revenue and expenses for the first 48 months
- Forecast Assumptions (including all key assumptions and risks along with all relevant risk management strategies). Also refer to Attachment 33 for Hedging Strategy.
- 12 months Stress Test Analysis

### **7.3 Financial Statements and Audited Financial Reports**

People Energy's Financial Statements for 2012-2013 and forecast for the following year is enclosed as **Attachment 30 & 31**.

As a relatively newly incorporated company, People Energy does not have past audited financial statements as at the time of this application. As such enclosed in **Attachment 32** is a statement from People Energy's company CFO.

### **7.4 Australian Financial Services Licence (AFSL)**

People Energy fully recognises its obligation to have an AFSL in place before dealing in financial derivatives. Wholesale trading and risk management consultants [Schneider Electric (Australia) Pty Ltd] have been engaged to assist People Energy with its wholesale risk requirements. Information regarding People Energy's Hedging Strategy is commercially sensitive and is contained in **Attachment 33**.

### **7.5 AEMO Prudential Support**

People Energy has provided credit support to AEMO for its wholesale market activities. Refer to **Attachment 24**. People Energy has analysed the requirements and methodologies for the calculation of credit support and has discussed and agreed to the projected figures with AEMO.

People Energy has made the financial guarantees required by AEMO from its bank.

### **7.6 Credit Rating**

Dun and Bradstreet Dynamic Risk Score credit rating for People Energy showing evidence of People Energy's credit rating is attached as **Attachment 34**.

## **7.7 Distribution Arrangements**

People Energy has already executed Use of Systems agreements with each of the Victorian Distribution Network Service Providers (DNSP). Please refer to **Attachment 28**.

## **8 Suitability**

### **8.1 Material Failures, Revoked or Failed Authorisations/licences, Administrative or Legal Proceedings**

Please refer to **Attachment 35** for the Director's declarations.

People Energy and its officers have not been prevented from or refused an electricity licence in any jurisdiction. There are no outstanding legal proceedings or compliance issues. People Energy has not been subject to a Retailer of Last Resort (RoLR) event and have not previously transferred or surrendered an authorisation or licence under provisions of Retail Law.

In addition no authorisations or licences have been revoked or requests for an authorisation or application been rejected.

### **8.2 Offences or Successful Prosecution under Any Territory, State, Commonwealth or Foreign Legislation**

This has been addressed in the Director's declarations **Attachment 35**

### **8.3 Criminal History Check**

Will be provided on request

### **8.4 Details of Disqualified Directors**

The Directors of People Energy have not been disqualified from the management of corporations.

Included in **Attachment 35** are written declarations from the directors attesting that they have not been disqualified from the management of corporations.

#### **8.5 Bankruptcy in an Overseas Jurisdiction**

Attached in **Attachment 32** is a declaration from the CFO attesting that People Energy does not have a bankruptcy record in any overseas jurisdiction.

#### **8.6 Officers Details**

Details of the officers are set out in **Attachment 37**

#### **8.7 Details of Policies and Procedures Addressing the Probity and Competence of Officers and Any other Key Staff**

Details of policies and procedures addressing the probity and competence of officers is set out above. In relation to any other key management staff the details are set out in Attachment 8 and Attachment 11

## 9 Conclusion

The ability for People Energy to continue to retail electricity to its customers after the adoption of the NERL in Victoria will ensure that its customers will not be disadvantaged or disrupted as a result of Victoria transitioning into the NERL.

As an existing electricity retailer People Energy believes it already has the organisational and technical capacity, financial resource or access to resources to operate as an electricity retailer and continue to be a suitable person to hold a retailer authorisation under the NERL.

Therefore we believe it is in the interest of People Energy's customers and overall competition that the AER in line with the National Energy Retail Law, grants People Energy a National Authorisation.