



Power Club Limited
AER Retailer Authorisation Application
24 December 2014

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1 GENERAL PARTICULARS

1.1 Introduction

Power Club is a bespoke business or green field site. Its business structure, staff selection and business model are being purpose built/selected and as a new entrant to the industry, it has no history but can “buy” experience.

Power Club (PC) has recently lodged an application for a Retail Electricity Licence to the Victorian Essential Services Commission (ESC) (application lodged 19 December 2014) and now formally submits its application to the Australian Electricity Regulator (AER) for a Retail Electricity License to operate its Retail Electricity Business in all AER jurisdictions.

The final stages of recruiting an experienced, skilled and capable management team to run Power Club’s Energy Retail Business. Power Club will also leverage expertise and capabilities of credentialed third parties.

A key aspect of Power Club’s business model is to establish and run a lean business operation and outsource the majority of customer services and operational activities to an experienced and capable services provider that currently provides customer services, billing and operational support to utility clients within the energy sector.

The following provides the basic detail of the entity seeking registration.

1.2 Legal name

Power Club Limited

1.3 Trading name if different

Same name

1.4 ACN

603 346 836

1.5 Registered address for correspondence

38 Wiare Circuit Orange NSW 2800

1.6 Nominated contact person

Stuart McPherson
Director of Power Club Limited and Project Founder
Phone: 02 6361 9974
Mobile: 0481 351 836
Facsimile: Not Applicable
Email: stuart.mcpherson@powerclub.com.au

1.7 Form of energy sought

Electricity Retail

1.8 Date to commence retail operations

31 March 2015

1.9 The nature and scope of the operations proposed

Power Club is a business venture that aims to deliver an essential customer good – electricity – with a new business model. This new business model will allow Power Club to offer energy at reduced prices to its customer base which will be made up of residential and small business customers.

Power Club will derive its earnings from its retail operation as fully described in the Business Plan, and deliver customer benefits including lower priced electricity. Power Club will be able to deploy a range of unique marketing strategies to drive customer growth and effectively compete in Australia's energy markets. Power Club's focus in the first two years of operation is electricity, however there is potential, if successful in this sector, to expand the concept into other markets and industries. **(Refer to Attachment 3: Power Club Business Plan)** for full details on Power Club's unique business model.

Power Club is a new business and as such is establishing its energy retailing capability through a combination of recruitment of experienced and specialist resources for its core energy retail functions and augmented this with experienced third party service providers. Power Club is recruiting an experienced team to fill its core leadership roles covering some of the more critical energy retailer functions including governance, compliance, risk management, wholesale energy management, commercial, and marketing.

Power Club will run a lean business operation and rely significantly on outsourced service providers, particularly Serviceworks Management Pty Ltd, the organisation selected to provide customer services, billing and operational capability on behalf of Power Club.

Serviceworks has effectively and successfully supported other electricity retailers in the competitive retail energy markets throughout Australia through the provision of CIS billing systems and end to end customer services.

Power Club acknowledges that whilst reliant upon on Serviceworks for the provision of services to its customers, Power Club's management team will take full responsibility for service performance and customer satisfaction through the management and oversight of service delivery in accordance with an outsourced services agreement (contract) with Serviceworks.

Power Club also understands and accepts that as the Retail License holder the company must take full responsibility for meeting all of its regulatory obligations and ensure that it is fully compliant with the relevant retail electricity codes and guidelines within all NEM Jurisdictions.

Power Club believes that the outsourcing of its operational and service delivery function to an established, experienced and capable service provider will present significant benefits and advantages over the alternative insourced services model. Power Club will leverage Serviceworks' capabilities to augment its own to deliver a holistic retail energy business that is effective, efficient and sustainable.

The premise of Power Club's business model is to provide its customers with the lowest possible electricity prices and the highest level of service quality and reliability possible. Power Club intends to create a heightened level of competition through the implementation of its unique business model and active promotion of its low priced electricity offering to residential and small business customers in all NEM jurisdictions, giving customers more choice and resulting in lower electricity prices in the market. Power Club is committed to delivering the following:

- A robust and sustainable business model for providing the lowest possible prices for electricity to its members;
- Provide members with high quality, reliable and responsive service delivery using an experienced and capable outsourced service provider; and
- In delivering electricity services to customers, working within the framework, guidelines and codes of conduct set by the AER.

Power Club believes that the business model being employed will deliver a clear point of difference from other energy retailers operating in NEM jurisdictions and provide significant benefits to electricity customers. (Refer to **Attachment 3: Power Club Business Plan**).

In acquiring its customers, Power Club does not intend to undertake any cold call door knocking activities and nor does it intend for its customers to be tied into fixed term contract. Power Club's customers will be given the freedom to exit at any time.

Power Club's selected outsourced service provider Serviceworks has effectively delivered customer services to electricity customers in competitive markets in Australia since 2006. Over this time, Serviceworks has established and developed its capability to support the requirements and obligations of the electricity codes and the regulatory requirements.

Power Club is committed to delivering the best possible outcomes for its customers in all jurisdictions in which it operates and the reputation of the club will be built on two simple premises: delivering the lowest possible electricity prices and providing high quality customer service. Power Club is confident that the company will meet the AER's Objectives.

1.10 Jurisdictions intended for retailing energy

Power Club intends to retail electricity in all Australian States in the National Electricity Market (NEM) being: Queensland, New South Wales, Australian Capital Territory, Victoria, South Australia and Tasmania.

1.11 Type of customers intended to supply

Power Club Limited intends to retail to Residential Customers and Small to Medium Enterprises (<160MWh).

1.12 Former licences held in this and/or other jurisdictions

Power Club has not previously held licences in any jurisdiction in Australia or overseas.

1.13 Previous unsuccessful licence applications

Power Club has not previously had any unsuccessful licence application in any Australian jurisdiction. Power Club has recently lodged an application with the Essential Services Commission in Victoria. This application is currently being considered.

1.14 Licences held by associates of the applicant.

No associates of Power Club have held licences in any Australian jurisdiction.

1.15 Licence conditions.

Power Club does not seek any non-standard licence conditions.

2 ORGANISATIONAL AND TECHNICAL CAPACITY

2.1 Previous experience as energy retailer/other energy experience

As mentioned Power Club Limited (PCL) is a new purpose built business and has no corporate experience. PCL can easily gain expertise though by acquiring the services of existing skilled and experienced individuals from the energy industry.

PCL is in the process of engaging two such individuals who between them have over twenty years industry experience:

- Company directors and executive level experience within the energy industry;
- Extensive experience in portfolio management;
- Energy trading;
- Corporate governance;
- Strategy development and forecasting;
- Treasury;
- Funding risk management;
- Consulting;
- Project management;
- Sales, marketing operations across a broad range of industries;
- Australia and overseas experience;
- Leading and managing large scale, complex back office and customer service operations;
- Membership of executive and board committees; and
- Extensive interaction with the boards of two of the NEM's major energy companies.

MOU for both individuals will be available soon and their full details can be found in **(Attachment 5)**.

PCL will also utilise the experience of Serviceworks Management Pty Ltd who have substantial industry experience in retail energy meter-to-cash process.

2.1.1 The date and location of previous operations

Not applicable

2.1.2 The form/s of energy sold

Not applicable

2.1.3 The scale of operations (including the number and size of customers)

Not applicable

2.1.4 Explanation of in-house and contracted activities

Not applicable

2.1.5 Relevance of previous experience

See 2.1 above and **(Attachment 5)**

The experience of the intending individuals and the third party contract services with Serviceworks Management are directly relevant to the proposed market entry by PCL.

Power Club will draw upon its own resources to deliver core capabilities covering the critical energy retailer functions including governance, compliance, risk management, wholesale energy management, commercial and service provider contract management, marketing and service operations. Power Club will meet all requirements for providing effective electricity retailing capability and will ensure compliance with applicable laws and regulations.

Power Club Limited (PCL) seeks to find skilled and industry knowledgeable staff and directors for key roles in the PCL management structure. The skills base of the initial key staff to be appointed by PCL is fully documented in **Attachment 5 Power Club Resource Appointments**. The attachment contains the organisational chart, named participants and their CV.

Power Club will also leverage the experience of its outsourced service provider Serviceworks Management Pty Ltd, a company that has operated in the Electricity Markets across Australia since 1999 and since 2006 has provided a range of outsourced services to a number of Retail Energy Companies and Water Utilities. Further detail on Serviceworks is provided throughout this document.

The combination of Power Club's experience from internal resources and outsourced service providers will ensure that the company is set up to successfully support all functions of a Retail Energy Business and to be a highly capable service provider to customers throughout Australia.

2.2 Detail of or any other relevant retail experience

Over the period 1989 through 1996 Mr McPherson, owned and operated a sector specific software house in Victoria. The business created custom and other software applications tailored to specific markets and customer needs.

The business had several hundred customers and ran 24 hour, seven day a week, phone support. Mr McPherson is fully aware of all of the conventional business processes and need for customer support as a result of this seven years of business activity and much of his experience is transferrable to operating a Retail Electricity Business within the energy industry.

2.3 Retail and or energy experience of persons holding >20%

The applicant, Power Club Limited (PCL), is an independent company and being a "limited by guarantee" company it has no shares. PCL is owned by the members and the membership will primarily be members of the public who join PCL to access the energy offer made available to the public through membership in PCL. Other business relationships are fully disclosed in: **Attachment 2 Power Club Incorporation details, intercompany licences and Agreements**. As a result of this structure no member could ever hold more than a small fraction of PCL.

2.4 Organisation chart showing structure of organisation

Power Club is a bespoke structure. At the time of this application Power Club Limited (PCL) has been registered and the remaining companies in the overall structure that will be licencing the IP to PCL, will be established over the next few weeks.

The Business structure which is fully documented in the Business Plan is outlined below.

2.4.1 Corporate Structure



Figure 1: Power Club's Corporate Structure

2.4.2 Power Club Investments Pty Ltd (PCI)

Power Club Investments Pty Ltd will retain all Intellectual Property to the business processes and concepts (IP). PCI will wholly own Power Club Holdings Pty Ltd (PCH). PCI will grant the equivalent of a licence for PCH to use the IP and business processes to carry out the business on behalf of the investors. PCI may also grant a licence under similar conditions to other corporates, including corporates in other countries, to carry out similar operations.

(Incorporation details are provided in **Attachment 2: Incorporation Details**)

2.4.3 Power Club Holdings Pty Ltd (PCH)

Power Club Holdings Pty Ltd (PCH) will licence Power Club Limited to carry out the operational component of the business with an associated Licence Fee for the using the IP.

(Incorporation details are provided in **Attachment 2: Incorporation Details**)

2.4.4 Power Club Limited (PCL)

Power Club Limited (PCL) is to be the licenced Australian Energy Retailer in the National Electricity Market. PCL provides or contracts services to deliver the entire meter to cash and marketing functions of an energy retailer. PCL is an independent company and being a "limited by guarantee" company has no shares. PCL will be owned by the members and the membership will primarily be members of the public who join PCL to access the energy offer made available to the public through membership in PCL.

Other business relationships are fully disclosed in: **Attachment 2 Power Club Incorporation details, intercompany licences and Agreements.**

Incorporation details are also provided in **Attachment 2: Incorporation Details**

2.4.5 Organisational Structure

Power Club Limited is establishing an appropriate organisation structure and is in the final process of recruiting an experienced management team to ensure the effective and sustainable delivery of energy retailing services to its members. To support this team and to provide the majority of operational capability, Power Club contracts an experienced service provider to energy utilities throughout Australia, Serviceworks Management Pty Ltd.

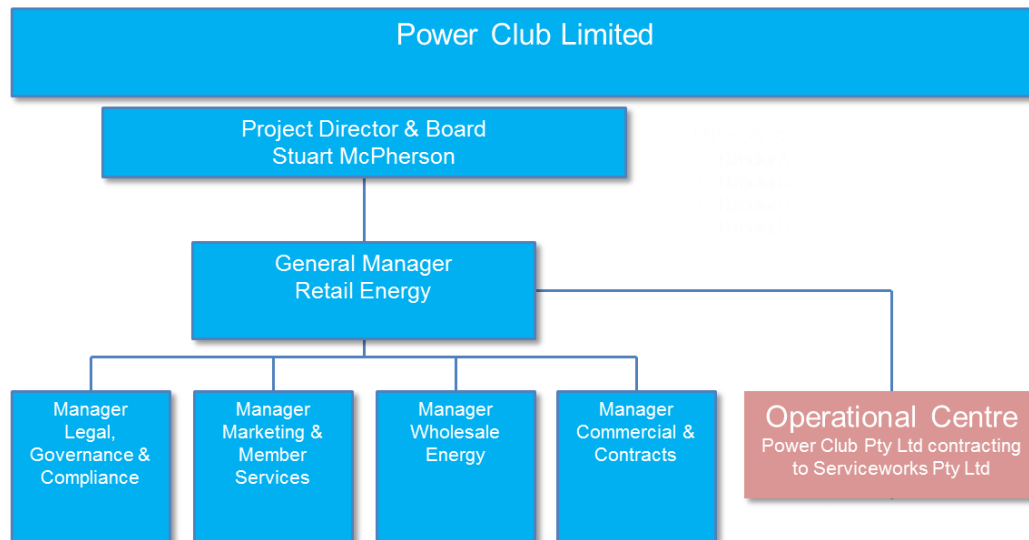


Figure 2: Power Club's Organisational Structure

2.5 Number of employees by business unit / other classification.

Power Club Limited (PCL) is outsourcing the meter-to-cash processes to Serviceworks Management (SWM). SWM will employ the substantial majority of staff in delivering the overall PCL business. PCL will have minimal staff to manage regulatory, marketing, energy acquisition and contract management. These by number will be a small percentage of the overall business resource and will be appointed as required.

The initial candidates and their roles are outlined in **(Attachment 5)**

2.6 Summary of officer qualifications, skills and experience

Several key individuals have been selected for the project and they are being formally committed to the project. The MOUs supporting this will be supplied to AER as they become available of the next few weeks.

The following outlines their key skills and experience with the full detail found for all individuals found in **(Attachment 5)**.

2.6.1 Key Personnel - Directors

The key personnel referenced here will be named publically as we move closer to market. In the interim period their full details and commitment arrangements will be made to AER as a commercial in confidence appendix to this application.

2.6.1.1 Stuart McPherson, Founder and Project Leader

Over the period 1989-1996 Stuart owned, built and managed an early sector specific software house, specialising in financial and production management applications. The business developed products with innovative features and offered 24/7 support to hundreds of retail clients throughout Australia.

Starting in 1997 Stuart became the Director of a \$3M/Annum government program managed across the Dep. of Agriculture, Nation Parks, Dep. of Land and Water and NSW Farmers Association, delivering holistic education and training services to the rural sector.

From 2002 Stuart chaired the National Information Management Technical Group which went on to develop the first spatially integrating national disease management system BioSIRT, as a major step towards gaining consistency and standardisation of State based systems to serve national emergencies.

In 2012 Stuart began analysis of the energy industry and design of new retail methodologies for the delivery of energy supplies to customers serviced by the National Energy Market.

2.6.1.2 Establishing the required Expertise

For incorporation purposes only Power Club Limited (PCL) has appointed an interim “placeholder” Board of some existing project stakeholders. PCL will replace the “placeholder” board as soon as practical and confirm the appointment of the following credentialed Industry Persons and others as they are required.

Industry Person (IP1) (See Attachment 5)

IP1 is an experienced company director and energy executive with extensive experience in portfolio management and energy trading, corporate governance, strategy development and forecasting, treasury and funding risk management, consulting and project management. IP1 will shortly sign an MOU outlining the arrangement preceding his appointment and this will be supplied to AER.

Industry Person (IP2) (See Attachment 5)

IP2 has extensive experience, at executive level, in sales, marketing, and operations across a broad range of industries within Australia and overseas and with many years in energy. This includes a proven record in leading and managing large scale, complex back office and customer service operations.

IP2 has a broad range of corporate governance experience through membership of executive and board committees, as well as extensive interaction with the boards of two of the NEM’s major energy companies. IP2 will shortly sign an MOU outlining the arrangement preceding his appointment and this will be supplied to AER.

Additional Directors

Power Club will advise the details of additional directors upon appointment.

2.6.1.3 Manage Commercial and Contracts

Power Club is in the process of appointing an experienced Commercial and Contracts Manager and has also engaged the services of Cleary Hoare Solicitors to ensure that:

- Effective and robust commercial arrangements are established with all suppliers;
- The contracts and commercial arrangements incorporate clear expectations, deliverables and accountabilities/responsibilities for the respective suppliers;
- In regard to the outsourced customer service provider contract, that clear customer service SLA’s are established, monitored, measured and managed;
- The contracts and commercial arrangements incorporate appropriate remedies for any breaches in performance;
- Regular performance and operational reviews are set up with each of the suppliers;
- Robust dispute resolution processes are established; and
- Where performance does not meet Power Club’s expectations that issues are addressed and remedied quickly.

2.7 Human resource policy for employee qualifications

Power Club Limited's (PCL) policy is too:

- Ensure all staff appointed to any role within PCL have:
 - an appropriate qualifications for the role; which is
 - supported by qualifications or experience or both; relative to
 - the role; and may be a
 - relevant degree or diploma; and/or
 - equivalent industry or corresponding experience

2.7.1 Experience/technical qualifications of employees

Power Club Limited (PCL) seeks to find skilled an industry knowledgeable staff and directors for key roles in the PCL management structure. The skills base of the initial key staff to be appointed by PCL is fully documented in **Attachment 5 Power Club Resource Appointments**. The attachments contain the organisational chart, named participants and the CV of each of the nominated participants.

In addition to this PCL is aware of the significant industry experience and qualifications of the staff of its key meter-to-cash service provider Serviceworks. Details of this are highlighted in **Attachment 1 Power Club Serviceworks Management Agreement** and **Attachment 3 Power Club – Business Plan Final – 17Dec2014**.

2.7.2 Relevant industry licences or qualifications

A member of the management team currently has an Australian Financial Services Licence and as part of risk management PCL intends to have at least one other available resource to support the requirement for an AFSL prior to making energy offers to the public.

2.8 Training programs, training policies for employees and agents

The primary customer facing component of the Power Club Limited (PCL) model is performed by our service providers of the meter-to-cash process, Serviceworks Management.

In (**Attachment 5**) the person responsible for managing the contract with Serviceworks Management is identified and one of the key components of that role is to ensure the quality of delivery of customer facing activity. This entails ensuring appropriate training is contained in the contract documents with Serviceworks and that the training as outlined in those arrangements is implemented.

PCL will ensure that effective training and development programs will be established and that these programs will be supported by appropriate training tools, proven methods and appropriate documentation. PCL will also ensure that leaders will be supported by professional training and development people who will implement and manage the training programs.

2.9 Business plan

Power Club Limited (PCL) has developed a comprehensive Business Plan for retailing electricity and prepared a detailed business model which is supported by rigorous analysis (**Attachment 3: Power Club Business Plan**). An independent review of aspects of the business plan is also provided (**Attachment 4**).

The PCL Business Plan includes the strategic direction, objectives; identified opportunities in the market place, forecast results; benchmarks, the impact of differing assumptions across 20%, 50% and 100% scenarios on the five (5) year budgeted financial position for cashflow, profit and loss and balance sheets.

2.10 Quality Assurance accreditations held

Power Club Limited (PCL) is a created-for-purpose company and as such has no history and no existing quality assurance processes. PCL is prepared to address any quality assurance requirements identified by AER. These will be addressed early in the implementation phase and prior to making any energy offers to the public.

2.11 Compliance strategy

2.11.1 Demonstrating knowledge and understanding of obligations

Both candidates documented in **(Attachment 5)** are aware of and have been involved in the delivery and provision of statutory, industry, technical and compliance activities. PCL will add to this resource as necessary and is fully aware of its reporting and regulatory management obligations.

2.11.2 Outlining how obligations, statutory, industry and technical will be met

Power Club Limited (PCL) will be contracting Serviceworks Management (SWM) to deliver the meter-to-cash process. PCL will ensure relevant reporting and management processes are built into the final contracts with SWM. This will be ensured by the proposed management teams skills and experience in this area. In addition PCL will be putting in place relevant reporting from the PCL systems and manually prepared report details where automation is not possible.

2.11.3 Including all complaint and dispute resolution procedures.

Power Club acknowledges that managing and responding to customer complaints is a critical element to operating an effective Retail Electricity Business and has ensured that a robust complaints management system is established and supported by effective policies and procedures. Power Club's Complaints and Dispute Resolution Procedures is fully documented **(Attachment 9)**.

2.12 Risk management strategy for operational and financial

Power Club Limited (PCL) has placed considerable effort in analysis and development of key strategies to deal with the primary risk of the volatile energy market and supporting the MCL requirements of AEMO. The analysis which is fully documented in the Business Plan covers the primary risk to PCL.

In addition to the volatility and MCL risk other risks have been identified and analysed in the Business Plan. This analysis will be foundational in the development of the PCL risk management strategy by the board when it is appointed. The finalisation of these risks will be a priority of the Board and will be completed prior to making any offers for energy acquisition to the public.

2.13 Declaration from the director/s

The Power Club Limited (PCL) board will fully develop the Risk Management Plan as a priority for provision to AER after it has received an external audit. PCL would support AER making this a dependency of the Licence if it so felt.

2.14 Additional information demonstrating ability to manage risk a

The experience and skills of the proposed individuals to be part of the Power Club Limited business will ensure these risks will be appropriately managed.

2.15 Prosecutions or Regulatory Complaints

Power Club Limited (PCL), being a new entity has never had, or had commenced any prosecutions or regulatory complaints.

As part of managing this in the future PCL will put in place a range of internal controls, policies and procedures to ensure the smooth running and compliance of its business and operations and to satisfy all requirements of the relevant electricity codes.

Power Club provides the following documentation/statements for internal Controls, Policies and Procedures:

- Outsourced Service Provider Governance (**refer 2.6.1.3**);
- Billing and Management Systems (**Attachment 7**);
- Infrastructure Plans (**Attachment 8**);
- Compliance Management System (**refer 2.15.4**);
- Complaints and Dispute Resolution Policy (**Attachment 9**);
- Hardship Policy (**Attachment 10**);
- Credit Management Policy (**Attachment 11**);
- Privacy Policy (**Attachment 12**); and
- Customer Charter (**Attachment 13**);

2.15.1 Privacy Policy

Power Club is aware of the relevant privacy legislation and will comply accordingly with all privacy legislation and its obligations. Please refer to **Attachment 12**.

2.15.2 Document Retention Policies

Power Club will establish robust document retention policies and archiving processes especially in relation to customer contracts, correspondence and consent.

2.15.3 Industry Submissions and Results of any Research Supporting the Application

Power Club has undertaken market research using an independent research company. The objectives of the research are to test and confirm the appeal of customer propositions and to help Power Club refine its market offering and pricing. The research report and related findings is attached (refer to **Attachment 14**).

2.15.4 Capacity to Comply with the License Conditions, Codes and Guidelines

To ensure that Power Club is able to meet its regulatory compliance obligations the following activities will be performed:

- Upfront and ongoing compliance training;
- Regularly up-skill staff on regulations and electricity codes;
- Internal quality call monitoring and transaction monitoring;
- Incident and breach reporting;
- Compliance to Business Process mapping – “Compliance Matrix”; and
- Internal Audits on high risk areas.

In respect of compliance with regulatory requirements in the Australian energy markets, Power Club will ensure the depth of experience and knowledge of the retail electricity codes and regulatory guidelines within its own management team which will help the company to meet its compliance obligations.

Power Club will establish all relevant policies and procedures particularly those required to meet the regulatory codes and guidelines.

2.15.5 Manage Customer Contracts

Power Club's standard retail contract terms and conditions are attached to this application (See **Attachment 15**).

2.16 Details of insurance arrangements

Power Club Limited (PCL) is a created-for-purpose company and as such has no existing insurance arrangements. PCL expects to implement standard energy industry insurance policies early in the implementation phase and prior to making any energy offers to the public. If AER wishes to identify specific requirements that PCL is to put into place prior to trading, PCL will put those requirements into place. In addition PCL will implement any unidentified requirements which are common to other industry participants and relevant to the PCL delivery model.

2.17 Third party provider

Power Club will rely on the following key external providers for a range of services.

2.17.1 Serviceworks Management Pty Ltd

Power Club's outsourced services provider Serviceworks Management Pty Ltd was incorporated in 1999 and has been actively supporting Australian Utilities including Energy Retail, Generation and Distribution Businesses with outsourced service delivery functions since 2006. Serviceworks Management Pty Ltd will provide the majority of the required operational capability and services to be delivered on behalf of Power Club.

Serviceworks is a wholly owned subsidiary of Computershare Limited (CPU). CPU is a global leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. CPU also specialises in corporate trust services, tax voucher solutions, bankruptcy administration, communication services and a range of other diversified financial and governance services.

The head office of Serviceworks Management Pty Ltd is located at 457 St Kilda Rd, Melbourne, Australia and the majority of its operational services are performed from these facilities. Computershare's global headquarters is located at Yarra Falls (Abbotsford) Melbourne, Australia.

Power Club Limited will be entering into a five year agreement with Serviceworks Management Pty Ltd for the provision of its critical retail operational capabilities and all service delivery aspects to its members.

Attached to this application is the agreement with Serviceworks (**Refer to Attachment 1**).

Serviceworks Management is Power Club's selected outsourced services provider, chosen because of their proven capability to support and service end use customers across Electricity, Gas and Water utilities in Australia. Serviceworks will deliver customer services, billing and operational capability on behalf of Power Club including:

- Proven and demonstrated capability to deliver services on behalf of their clients to more than 750,000 end customers;
- A team of utilities experts with deep knowledge of the Australian market, evidenced by Serviceworks' other utilities clients who trust them to take care of their customers;
- Provisioning of hardware and hosting of retail software services including Power Club's Billing CIS;
- Provision of call centre operations and back office staff to support and manage the meter-to-cash process;
- Processing and management of all business to business transactions to enable energisation, de-energisation, additional meter reads and other relevant tasks;
- Activation and transfer of new members into Power Club;
- Receipt and validation of market data including processes to enable data exceptions to be made invoice ready;
- Integration to banking to manage auto reconciliation of payments by members;
- Exception management;
- Provision of training and support to staff;
- Full back-up and failover systems to secure data and maintain virtual 24/7 delivery;
- Integration of the Power Club website to the Service Provider backend systems;
- Processing of all data to produce Web delivered PDF bills to members;
- Integration to Power Club general financial systems.

Serviceworks' outsourced solution for Power Club also draws upon the expertise and capabilities of its parent, Computershare including:

- Global tools and practices that have supported their track record in leading and successfully implementing large and complex CIS projects; and
- Rigorous global standards to safely manage the ongoing hosting and management of business critical systems and customer services.

Serviceworks has recruited the vast majority of its employees and leadership team from the utilities sector and many of these people have specialist expertise in retail energy operations. This experience provided by Serviceworks will help to deliver the critical operational support required to run an effective and sustainable retail energy business.

2.17.2 Cleary Hoare Solicitors

Cleary Hoare Solicitors is Power Club's selected legal services provider, chosen because of their proven capability to provide corporate legal services. Cleary Hoare Solicitors is a boutique legal firm of specialist lawyers who have been assisting Australians with business structures, tax planning and advice, capital protection, commercial transactions and dispute resolution for over 30 years. Cleary Hoare Solicitors have offices in Brisbane, Sydney and Perth. Cleary Hoare Solicitors has provided expert advice to Power Club in the following areas:

- Corporate Structures;
- Taxation Advice;
- Commercial Agreements and Contracts; and
- Licensing Agreements

Power Club Limited has engaged Cleary Hoare Solicitors for the provision of legal, tax and corporate structure advisory services and capabilities

2.17.3 State all functions and activities you propose to outsource.

Power Club will utilise Serviceworks operational capabilities and service delivery across the meter to cash cycle including:

- CIS billing systems, establishment, hosting, management and maintenance;
- Customer acquisition and on-boarding support;
- Meter data management;
- All revenue management aspects including third party payments, billing, and credit/collections activities;
- Bill print, mail and customer communications;
- Customer service contact centre (call centre); and
- Complaints management.

For the full list of functions see **(Attachment 1 and 7)**

Billing and Management Systems

Through its service arrangements Power Club will access Serviceworks' Billing CIS (Agility Orion) capability and a comprehensive suite of technology products and applications (Utilityworks) which are designed to provide comprehensive support for Power Club's service and sales operations.

Further information in regards to Power Club's Billing and Management Systems is provided in **Attachment 7**.

2.17.4 Details of any formal agreement/s

These arrangements are fully described and a formal contract will be entered into at an appropriate time in the establishment phase. Attached to this application is the agreement with Serviceworks **(Refer to Attachment 1)**.

2.17.5 Third party's experience in and knowledge of the relevant area

This is fully covered in 2.1.7.1 and 2.17.3 and also in **(Attachment 7)**.

2.17.6 Evidence of the third party's technical capacity

This is fully covered in 2.1.7.1 and 2.17.3 and also in **(Attachment 7)**.

2.18 Evidence of any membership

The following outlines the steps to date in formalising relationships with the relevant parties to the energy industry.

2.18.1 AEMO

Power Club has met with AEMO regarding relevant registration for Market Participation. Power Club has factored into its business case modelling the funding for AEMO prudential requirements using the calculation methodology provided and confirmed by AEMO. Power Club will have board support for its prudential guarantees and will be in a position to meet AEMO's ongoing credit support requirements.

2.18.2 ASX Austraclear Membership

Power Club will arrange prior to the commencement of its retail electricity operations an ASX Austraclear membership to ensure that the company can procure energy on the spot market.

2.18.3 Australian Financial Services License (AFSL)

One of the individuals to be engaged in the Power Club Limited (PCL) business has an AFSL. As a part of risk management PCL will establish further methods for supporting an AFSL before the commencement of retail electricity market operations.

2.18.4 Distribution Arrangements

Power Club has contacted all Victorian Distributors to establish Network Use of Systems agreements and is in the process of contacting all NSPs in the NEM.

2.18.5 Ombudsman Offices

Prior to operating in any AER regulated jurisdiction, Power Club Limited (PCL) will discuss with the relevant Ombudsman Offices any matters relevant to their respective Ombudsman Schemes. PCL has already been in contact with the majority of Ombudsman Schemes to enable the relevant costs to be accounted for in all five year budget scenarios. PCL will establish agreements with the relevant Ombudsman Offices once its Electricity Retail License is approved.

2.18.6 Community Services

Power Club will enter into Community Services Agreements with the relevant departments in each of AER's respective jurisdictions for the provision of concessions to eligible customers.

2.19 Evidence of any agreements and systems in place

As mentioned under 2.18 Power Club Limited (PCL) has been in contact with the majority of participants it will be working with in the NEM.

The basis of working relationships has either been started or identified to enable any associated costs to be identified and budgeted. These relationships and associated agreements will be finalised during the implementation phase.

PCL has an agreement with its primary service provider Serviceworks and this can be referred to in **(Attachment 1)**.

2.20 Details of any previous RoLR

As a potential new participant there are no previous RoLR events.

2.21 Any additional information

Further to the above Power Club Limited (PCL) brings the following to the attention of AER:

2.21.1 Customer Account Establishment and Management

Power Club understands the importance of on-boarding customers and ensuring that customer details are accurately captured in their CIS Billing Systems and customer database. Power Club will leverage the customer on-boarding processes, tools and practices provided by Serviceworks and this approach will help to ensure that data is accurately captured upfront reducing the requirement for costly post establishment exception and data quality management. Power Club will ensure that the account establishment process for customers is seamless and efficient.

2.21.2 Billing, Collections and Payments

Power Club will establish comprehensive billing, payments and credit & collections services including the provision of:

- End to end revenue management services and operational resources to assist with all revenue management activities;
- Credit management workflow tools, products and services to help Power Club achieve effectiveness and efficiencies in the collection of billed revenues;
- Proven automated collections tools such as agentless dialling, sms messaging and email communications which will help to lift collection rates and reduce outstanding debt;
- A range of billing and payment options including monthly billing;
- Bill cycle management;
- Bill design and presentment;
- Coordination of bill printing and mail;
- Payment set up and processing;
- Billing and payments exceptions management;
- Refunds management;
- Credit and treatment cycle management;
- Payment extensions management in accordance with Power Club business rules;
- Hardship management in accordance with Power Club's published Hardship Policy;
- Collections agency coordination and management;
- Management of uncollectable debt; and
- Business processes for managing billing, payments and collections.

Power Club, through Serviceworks will utilise the market proven Agility Orion billing CIS platform in conjunction with its own suite of proprietary applications for timely, effective and accurate billing of customers and the management of revenues..

2.21.3 Provision of Customer Services

Power Club has engaged Serviceworks to provide club members with high quality and expert customer service delivery. Serviceworks provides customer services today for a range of energy and water utility clients operating across competitive and non-competitive markets throughout Australia.

Serviceworks' 500 seat call centre and corporate office is located at 457 St Kilda Road, Melbourne within a modern, secure card access controlled facility. Serviceworks will have adequate resources and capability to call upon to support Power Club's forecast volumes and scope and significant flexibility to scale up to meet Power Club's future needs.

Power Club's Call Centre facility will be located within Serviceworks established St Kilda Road site in a dedicated, branded and secure environment and Serviceworks' existing operational facilities including, technology and telephony infrastructure will be leveraged.

Power Club will monitor, measure and report on service performance at regular intervals to ensure that performance levels consistently meet our prescribed service objectives and KPI's.

2.21.4 Complaints Management

Power Club's management team will ensure that escalated complaints are appropriately addressed within the business and that the appropriate level of oversight of complaints management is provided including ensuring that rigorous processes are established for the recording, reporting, management and resolution of complaints. Power Club's Complaints and Dispute Resolution Policy is attached (See **Attachment 9**).

2.21.5 Appropriate Management Systems

Power Club will establish the appropriate financial, operational and administrative systems to ensure that the company is fully compliant with the Electricity Retail Code and other obligations and license conditions. Power Club's General Manager Retail will ensure that satisfactory governance and compliance systems are established to support an effective Retail Energy Business.

2.21.6 Provision of Customer Information and Communications

Power Club will provide customers with the following information:

- Welcome pack;
- Customer contract including pricing and payment terms;
- Customer charter including Power Club's customer obligations;
- Pricing information;
- Billing information;
- Payment terms, methods of payment and payment channels;
- Power Club's code of conduct;
- Complaints management and dispute resolution procedures;
- Ombudsman scheme;
- Customer electricity usage and billing history
- Termination of supply procedures;
- Reconnection of supply procedures;
- Membership information including regular club newsletters.

2.21.7 Management of Privacy and Confidentiality

Power Club will comply with all privacy legislation and retail codes relating to customer privacy and confidentiality. See Power Clubs Privacy Policy (**Attachment 12**).

2.21.8 Data and Information Security

Power Club is aware of its responsibilities in respect to data and information security and will ensure that the company and its service providers have established procedures and policies to effectively and appropriately address this important aspect.

3 FINANCIAL RESOURCES

3.1 Introduction

Power Club has invested significant effort over the past two years in its preparations to launch a unique, compelling and viable business model to support its entry into the competitive retail electricity markets across Australia.

These preparations have included:

- The development and validation of a robust and sustainable business model for retail energy market entry;
- Detailed analysis of the Australian energy market and its jurisdictions (including Victoria) ;
- The development and validation of a robust wholesale energy management strategy;
- The development of a viable business case;
- The development of feasible market offerings which have been tested and validated through market research;
- A review and analysis of service delivery options (including billing systems); and
- A structure which contains the necessary capitalisation of Power Club to ensure the company has the funds to establish and run its business until it is self-sustaining.

As a new company with no prior history, Power Club does not have any historical financial statements, reports or other historical information to provide to the AER.

3.2 Financial Capacity

The Power Club structure provides sufficient investor capital to establish Power Club as a sustainable and ongoing business. Power Club will generate its profits and other related funds as described in the Business Plan.

Based on the modelling undertaken, Power Club shows strong profits and the business is able to demonstrate a return, even under the most pessimistic customer uptake scenario. Power Club assures the AER that the structure provides sufficient financial capacity to meet your financial capacity test and viability requirements and that Power Club will be operated in accordance with the business plan and modelling provided (Refer **Attachment 3: Power Club Business Plan**). It will also be financed and managed through the implementation as described in the attachment. (Refer **Attachment 6: Implementation phase**).

Within its Business Plan, Power Club provides the following:

- Balance Sheet;
- Profit and Loss Forecasts;
- Cash Flow Forecasts;
- Customer Uptake Forecasts;
- Sensitivity Analysis; and
- Assumptions.

PCL is a created-for-purpose company and will have sufficient equity to meet any of its financial obligations to its industry creditors. The details of this are fully outlined in **Attachment 3 Power Club – Business Plan Final – 17Dec2014**.

PCL will also have sufficient equity to ensure support via bank guarantees to meet any of its financial obligations to its industry creditors. The details of this are fully outlined in **Attachment 3 Power Club – Business Plan Final – 17Dec2014**. PCL will supply copies of such agreements during the implementation phase and prior to making any energy offers to the public.

3.3 Copies of audited financial reports, past three years

3.3.1 All financial statements required by the accounting standards

As Power Club Limited is an energy start-up company this is not available but extensive five year projected budgets, Profit and Loss and Balance Sheets are.

3.3.2 Notes to financial statements

As Power Club Limited is an energy start-up company this is not available but extensive five year projected budgets, Profit and Loss and Balance Sheets are.

3.3.3 Director's declaration

As Power Club Limited is an energy start-up company this is not applicable.

3.3.4 Director's report.

As Power Club Limited is an energy start-up company this is not applicable.

3.3.5 Auditor's report.

As Power Club Limited is an energy start-up company this is not applicable.

3.4 Copy of any other document

No historical information is available regarding Power Club Limited (PCL) as it is an Energy Start-up company. PCL provides extensive financial reports, analysis, forecasting and scenarios in it's Business Plan (**Attachment 3**).

3.5 Credit Rating

Power Club Limited (PCL) is a created-for-purpose company and as such has no existing credit rating. PCL intends to have a credit rating established early in the implementation phase as part of dealing with its market facing obligations.

3.6 Part of a group of related companies

The overall business structure of the Power Club proposal is covered under “2.4 Organisation chart showing structure of organisation” and further documented in the Business Plan (**Attachment 3**).

3.6.1 The ownership structure of the group

All of the Incorporation Details, Intercompany Licences and Agreement documentation on Power Club’s arrangements within and between companies is provided in **Attachment 2: Incorporation Details**.

Power Club Limited, is an independent company limited by guarantee and only obligated to pay licence fees for business process and IP to the unrelated but associated companies.

3.6.2 The contractual arrangements

The defined contractual arrangements are fully covered in **Attachment 2: Incorporation Details**.

3.6.3 Consolidated audited financial statements for the group.

As Power Club Limited (PCL) and its associated licencing company Power Club Holdings are both start up and implemented explicitly for this project there is no previous financial records. All relevant documents, predicted Profit and Loss and Balance Sheets are contained in the substantial Business Plan (**Attachment 3**).

3.7 Forecast revenue and expenses

These are fully documented and justified along with assumptions in (**Attachment 3**).

3.8 Written declaration

3.8.1 Insolvency official not appointed

None of the companies associated with the Power Club Limited provision of energy offers to the public have previously existed and therefore there are no prior financial records.

3.8.2 No application or order has been made

None of the companies associated with the Power Club Limited provision of energy offers to the public have previously existed and therefore there are no prior financial records.

3.8.3 Unaware of any financial impedance

None of the companies associated with the Power Club Limited provision of energy offers to the public have previously existed and therefore there are no prior financial records.

3.8.4 Written declaration

The Power Club overall project is funded to the extent outlined in the Business Plan and the appointed directors of Power Club Limited (PCL) will be able to provide a written declaration to that effect at an appropriate time.

3.8.5 Details of any bank guarantees

Power Club Limited (PCL) is a created-for-purpose company and will have sufficient equity to ensure support via bank guarantees to meet any of its financial obligations to its industry creditors. The details of this are fully outlined in **Attachment 3 Power Club – Business Plan Final – 17Dec2014**. PCL will supply copies of such agreements during the implementation phase and prior to making any energy offers to the public.

3.8.6 Any additional information

Business Model and Forecasts

Power Club has developed a unique business model for retailing electricity and prepared a detailed business plan which is supported by rigorous analysis, modelling and forecasts (**Refer to Attachment 3: Power Club Business Plan**). An independent review of aspects of the business plan is provided in **Attachment 4**.

Australian Financial Services License

Power Club will obtain an Australian Financial Services Licence before it commences providing retail electricity services to customers.

AEMO Prudential Support

Power Club will satisfy AEMO's prudential requirements in respect of credit support for its wholesale market activities. These are included in Power Club's Business Plan and Modelling (**refer to Attachment 3**).

In addition, Power Club has informed itself of the requirement to hold an ASX Austraclear membership for settlement purposes and will have this accreditation in place prior to the commencement of its electricity retail business operations.

Distribution Arrangements

Power Club has contacted and held discussions with several Network System Providers. NUOS agreements are currently being progressed and will be finalised as a requirement of this Retail Energy License Application. Power Club does not envisage any barriers to meeting this requirement.

4 SUITABILITY

4.1 For the applicant, its associates

All of the companies involved directly and indirectly in the Power Club Limited delivery structure are outlined and the contractual arrangement defined in **Attachment 2: Incorporation Details**.

4.1.1 Any material failure to comply with regulatory requirements

All companies related to the projected are purpose formed to deliver this project and as such are new and have no history.

4.1.2 Any previously revoked authorisations

All companies related to the projected are purpose formed to deliver this project and as such are new and have no history.

4.1.3 Any failed authorisation,

All companies related to the projected are purpose formed to deliver this project and as such are new and have no history.

4.1.4 Any past or present administrative or legal actions

All companies related to the projected are purpose formed to deliver this project and as such are new and have no history.

4.2 Details of any offences or successful prosecutions

All companies related to the projected are purpose formed to deliver this project and as such are new and have no history. Power Club Limited (PCL) will provide names of any directors to be associated with the project for the approval of AER if necessary. PCL will not knowingly employ or associate with individuals or employ individuals not appropriate to the role of the business.

4.3 Upon request, a criminal history check

Power Club Limited (PCL) will provide or make individuals available for such checks as AER may require.

4.4 Any director are Disqualified

Power Club Limited (PCL) is a created-for-purpose company and for incorporation purposes only the Company has appointed an interim “placeholder” Board of some existing project stakeholders. PCL will replace the “placeholder” board as soon as practical and confirm the appointment of credentialed Industry Persons and others as they are required.

PCL will supply assurances regarding all board members as they are appointed and would not appoint a disqualified director and PCL accepts on notice that no board members are to be appointed that are disqualified.

Power Club Limited (PLC) seeks advice from AER if it wants PCL to investigate any proposed Director and how many year the investigation is to go into the individual's history to check for disqualifications.

4.5 Written declaration re bankruptcy

No directors will be appointed that are currently overseas bankrupts. Power Club Limited (PLC) seeks advice from AER if it wants PCL to investigate any proposed Director and how many year the investigation is to go into the individual' overseas bankrupt history.

4.6 Full names and residential addresses

The current directors of Power Club Limited (PCL) are “place holders” until the final board is put into place prior to the implementation phase. PCL will provide AER with full details of each Director (or employee) once the final board is appointed for the approval of AER if required.

4.7 Policies/procedures addressing probity & competence

The Power Club Limited (PCL) board will define the policy of addressing probity of officers and staff early in the implementation phase and prior to making energy offers available to the public. The Policy outline to ensure competence is already outlined under “**2.7 Human resource policy for employee qualifications**”

4.8 Any additional information

No further information