



POWERSHOP
A better power company

Application for Gas Retailer Authorisation

Powershop Australia Pty Ltd (ABN 41 154 914 075)

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1 Introduction

Powershop Australia Pty Ltd, ABN 41 154 914 075 (**Powershop**) is an electricity retail business in New South Wales, South East Queensland and South Australia and is also an electricity and gas retail business in Victoria. Powershop is the Australian retail energy subsidiary of Meridian Energy Limited (**MEL**) and benefits from being wholly owned by Australasia's largest 100% renewable generator. MEL is dual listed on the NZX and ASX with 51% of its shares held by the New Zealand Government.

Powershop provides the following application details in accordance with 'AER Retailer Authorisation Guideline Version 2 – December 2014'.

This application demonstrates Powershop's ability to retail gas in the jurisdictions that have adopted the National Energy Consumer Framework (**NECF**) and to confirm that the entry criteria and conditions set by the Australian Energy Regulator's (**AER**) have been satisfactorily met.

2 General Particulars

Legal Name	Powershop Australia Pty Ltd
Trading Name	Powershop Australia
ABN	41 154 914 075
Registered address	Level 15, 357 Collins Street Melbourne 3000
Postal address	Level 15, 357 Collins Street Melbourne 3000
Nominated contact	Michael Benveniste Chief Commercial Officer
Form of energy	Gas
Date of commencement for Retailing Gas	Powershop intends to commence retailing gas following confirmation of authorisation from the AER.
Nature & scope of the Operations proposed	Powershop intends to retail gas to residential and small business customers initially in New South Wales, and subsequently in South Australia and South East Queensland.
Jurisdiction	New South Wales, South Australia, Queensland, ACT and Tasmania.
Type of customers we intend to supply	Powershop intends to initially sell gas to residential and small business customers (i.e. customers who are defined in section 5 of the National Energy Retail Law (NERL) as 'small customers').

3 Organisational & Technical Capacity

3.1 Previous experience retailing energy

Powershop launched its electricity retail operations in Victoria in 2012 and has retailed electricity in New South Wales since 2017, South East Queensland (since 2018) and South Australia (since 2019), and now services over 140,000 electricity customers.

Powershop commenced retailing gas in Victoria in 2018 and services over 40,000 gas customers.

See Powershop's Authorisation Letters for both gas and electricity in **Confidential Attachment A**.

Powershop has grown its retail business through various sales channels including a customer referral program and key partnerships.

The head office of the Meridian Energy Australia group of companies (collectively **MEA Group**), which includes Powershop, is based in Melbourne and consists of marketing, commercial, energy markets, legal, finance, sales and service functions, totalling around 90 employees. For a detailed breakdown of employee numbers in each business unit see **Confidential Attachment B**. Powershop's customers are also serviced through Powershop's contact centre based in Masterton, New Zealand, which hosts around 60 service agents that handle customer service and sales queries and perform back office functions. Powershop is known for its outstanding customer service winning the Canstar Blue award in 2015, 2016, 2017 and 2019.

3.2 Details of any other relevant retail or energy market experience

MEA Group's senior managers have extensive experience in managing an energy retail and generation business in Australia. The senior management team have a wealth of experience in managing teams in both the Australian and New Zealand energy markets. See sections 3.3. and 3.4 for detail on individual experience.

3.3 Organisation Chart

The MEL Group organisation and corporate structure is shown in **Confidential Attachment C**.

3.4 Key Personal Qualifications

The summaries below set out the relevant experience of key Powershop personnel, including members of the MEA Group senior executive team who will dedicate time and effort to supporting Powershop should this gas licence application be successful.

(a) Jason Stein, Chief Executive.

Jason Stein brings a sharp customer focus and considerable commercial experience to his new role as Chief Executive Meridian Energy and Powershop Australia.

Legally trained, Jason spent some of his early career in New Zealand and London practicing law, including as a Vice President at Merrill Lynch. After returning to his New Zealand home, Jason moved into the energy sector, including at Auckland lines

company Vector, and then to New Zealand's largest listed electricity company - Meridian Energy.

Jason has led teams across a variety of functions at Meridian for almost 12 years including General Counsel, Company Secretary, Sustainability and External Relations functions. He has also been a director of Meridian subsidiaries - Dam Safety Intelligence and Flux Federation, the company's software development arm. He was also part of the core team that successfully listed Meridian Energy, New Zealand's largest IPO. Most recently Jason acted as Chief Customer Officer for the Meridian Group, which includes accountability for Meridian Energy's New Zealand retail brand, including its subsidiary Powershop NZ.

(b) Tony Sherburn, Chief Financial Officer.

Tony is a chartered accountant (CA ANZ) with over 30 years' experience across a range of industries, including R&D, manufacturing, satellite broadcasting and software development. Prior to joining Powershop in 2013 he had been Chief Financial Officer of Ceramic Fuel Cells Limited, a publicly listed company in Australia and the UK. He has extensive senior finance experience including raising debt and equity in Australia and Europe and managing strategy, finance and external reporting functions.

(c) Michael Benveniste, Chief Commercial Officer

Michael is a Certified Practising Accountant with over 19 years' experience working in accounting, finance and management reporting. Chief Commercial Officer and previously Financial Controller, Michael has developed the systems and processes within the Company's finance and HR business units. In addition, Michael has been involved in the project accounting for the Mt Mercer Wind Farm, the financing and subsequent sale of the Macarthur Wind Farm, the creation of the Powershop retail business and the setup of the energy markets electricity risk management division. He initially worked in accounting practice, prior to various accountant and IT roles within Visy Industries, and has worked within large multinationals, government bodies and listed Australian companies. Michael was previously an associate and financial controller of J T Campbell & Co Pty Ltd and was Chief Financial Officer of Secure Energy Pty Ltd.

(d) Catherine Anderson, Chief Customer Officer

Catherine has a strong passion for marketing and communications, having worked on both agency and client side in Australia and across South-East Asia. Catherine began her career with the corporate strategy team at Siemens Australia before leaving Australia for five years working in agency various roles in South-East Asia. Prior to joining the Powershop in 2015, Catherine's most recent role was marketing for The Coca-Cola Company in Indonesia. Catherine has a Masters of International Marketing from Monash University.

(e) Justin Mulder, General Manager Energy Markets

Justin is responsible for overseeing all trading activity in gas, electricity and environmental portfolios across financial and physical markets in accordance with MEA Group's Energy Risk Management Policy. Ensuring compliance of energy trading activities in accordance with regulatory bodies including National Electricity Rules (**NER**) and National Gas Rules (**NGR**) is another major responsibility of Justin's.

Justin has over 17 years' experience front office trading in the Victorian gas market and the Short-Term Trading Market (**STTM**) with executive level experience at various Australian and international energy companies.

(f) Clementine Smith, General Counsel

Clementine is currently the General Counsel at Meridian Energy Australia and Powershop Australia and is responsible for the legal and regulatory function across the businesses. Clementine has been a lawyer for over 12 years and has worked in the energy sector (both retail and generation) for the last 8 years in New Zealand and Australia. Clementine started her energy experience at MEL, New Zealand's largest electricity generator and one of the largest electricity retailers, where she worked across the business. In 2014 she joined Origin Energy as a lawyer in the Retail Legal Team in Melbourne before joining Engie, where she spent 4 years predominately focused on the retail arm of the business (Simply Energy).

3.5 Third Party Providers

(a) Flux Federation

Flux Federation (**Flux**) is a wholly owned subsidiary of MEL. Flux is a software service provider that has built and manages the existing billing and technology platform for Powershop, MEL and Powershop New Zealand and Powershop UK retail companies. The platform that Flux has built for Powershop enables Powershop to service and bill electricity and gas customers in Australia.

With Powershop's knowledge of the NERL, NERR, NER and NGR it works closely with Flux to ensure that all billing and system obligations and regulations are met.

Powershop will continue to use the Flux platform to service gas customers in AER jurisdictions should this gas licence application be successful. The Flux platform will manage:

- integrations between different market participants to ensure all retail transactions are appropriately handled;
- receive and store gas meter data;
- ensure customers are accurately billed; and
- market settlements.

3.6 Business Plan

Powershop's business plan including its entry to market strategy, customer forecast numbers and assumptions are provided in **Confidential Attachment D**.

3.7 Compliance Strategy

(a) Authorised Retailer Obligations

As a licensed electricity retailer in the NECF states and a licensed gas and electricity retailer in Victoria, Powershop is fully aware of the obligations imposed on authorised retailers under the National Energy Retail Law (NERL), National Energy Retail Rules (NERR), applicable guidelines and statutory, industry and technical requirements in the AER regulated states. Powershop's compliance and regulatory team (which is managed by the Head of Regulatory and Compliance and reports into the General Counsel) helps Powershop:

- manage compliance with relevant laws (including the energy retail laws, rules and regulations);
- implement regulatory changes;
- develop and maintain appropriate processes and procedures to ensure compliance; and
- ensure continuous improvements and provides training to the business on their compliance obligations.

In addition, the legal team also help ensure compliance with applicable laws, including privacy laws and Australian Consumer Law.

The executive team at Powershop is familiar with the NERL and NERR and has created a culture at Powershop where compliance is paramount.

(b) Complaint and Dispute Resolution Procedures

Powershop's complaint and dispute resolution procedure and training workshop pack is shown in ***Confidential Attachment E***.

(c) Training

Powershop runs regular training sessions to ensure that all staff are aware of the obligations and, industry and technical requirements relevant to them to ensure compliance. For example, the onboarding process for customer facing agents covers all aspects of the customer journey including explicit informed consent, complaint handling, privacy policy, hardship and credit etc. Back office agents receive training on market participant interactions, market transfers, billing and other relevant business-to-business processes and transactions, credit, and market rules on collection and de-energisation.

See Powershop's agent on boarding program in ***Confidential Attachment F***.

All customer facing staff members, and members of the Gas Emergency Management Team undergo training on gas safety in Victoria. Powershop intends to expand the gas safety training to encompass any non-Victorian requirements. It is understood that a gas safety case is not required for this application or within the NECF states, although Powershop is committed to ensuring customer safety.

See Powershop's Gas Emergency and Incident Procedure in ***Confidential Attachment G***.

Powershop delivers a range of training sessions to its employees to ensure that the relevant representatives can interact with customers compliantly. Training sessions include (but are not limited to):

- Privacy law and privacy policies;
- Gas emergency call handling;
- Complaints training;
- Family violence policy; and
- Industry regulatory updates.

For a list of Powershop's internal compliance and training documents see **Confidential Attachment H**.

3.8 Risk Management Strategy

Powershop's overall risk management strategy in relation to the NSW gas operations covering wholesale energy, operational and financial risks is included in the business plan in **Confidential Attachment D**. In addition, Powershop's approach to managing wholesale energy risks and uncertainties is covered in the MEA Group Energy Risk Management Policy set out in **Confidential Attachment I**.

3.9 Customer Arrangements

Below is a list of documents that have been provided to show further evidence of Powershop's ability to manage risk and operate in accordance with the Retail Law objective.

- (a) Customer Terms and Conditions shown in **Public Document 1.1 and 1.2**
- (b) Hardship Policy shown in **Public Document 2**
- (c) Privacy Policy shown in **Public Document 3**
- (d) Credit Reporting Policy shown in **Public Document 4**
- (e) Family Violence Policy shown in **Public Document 5**

3.10 Energy Ombudsman Schemes

Powershop is currently a member of the Energy and Water Ombudsman New South Wales (**EWON**), Energy and Water Ombudsman SA and Energy and Water Ombudsman Queensland customer dispute resolution schemes. See **Confidential Attachment J** for evidence of memberships.

3.11 Arrangements with Market Participation

(a) AEMO Registration

Powershop is an authorised electricity retailer in the NECF jurisdictions and will register with AEMO as a participant in the Retail Gas Market and to access the FRC Hub.

(b) Short Term Trading Market (STTM)

Powershop has registered with AEMO as a STTM Shipper in the STTM. See ***Confidential Attachment K***.

Powershop will register as a STTM User in the STTM once the AER licence application is successful.

Powershop has standing agreements with pipeline and storage facility operators and procurement contacts with gas suppliers.

(c) Jemena

Powershop has engaged with Jemena to enter into a Reference Service Agreement. It is expected that an agreement with Jemena will be completed before this authorisation is granted.

(d) Austraclear

Powershop is approved by Austraclear Limited to access Austraclear to settle wholesale gas and electricity transactions with AEMO.

(e) Australian Financial Service Licence (AFSL)

Powershop operates under the MEA Group's Australian Financial Service License 417585 held in the name of Meridian Energy Markets Pty Ltd.

3.12 Other details to who technical capacity

See Powershop's public liability insurance in ***Confidential Attachment L***.

4 Financial Capacity

4.1 Audited Financial Reports

Copies of Powershop's audited Financial Statements for the past two years can be found in **Confidential Attachment M.1 and M.2**.

4.2 Credit Rating

Evidence of long and short-term credit rating is available in **Confidential Attachment N**.

4.3 Start Up Businesses

Powershop is not a start-up business. Powershop has been an energy retailer in Australia since 2012 and has also retailed gas in Victoria since 2018.

4.4 Related Companies and Group Structure

Powershop is part of a related group of companies. Details, arrangements and ownership structure between the different related companies can be found in **Confidential Attachment C**.

Copy of MEL's consolidated audited financial statements is available in **Confidential Attachment O**.

4.5 Declaration of Going Concern

MEA Group's Chief Executive Officer and Chief Financial Officer (both directors of Powershop) have signed a declaration confirming that they are unaware of any factors that would impede Powershop's ability to finance its energy retailer activities over the next 12 months.

See **Confidential Attachment P**.

4.6 No Insolvency Event

There has not been an appointment of an insolvency official or steps taken to wind-up the Powershop business. As described above, Powershop is owned by MEL which is dual listed on the NZX and ASX. MEL has continuous disclosure obligations to the market.

4.7 Bank Guarantees

Details of bank guarantees or arrangements can be found in **Confidential Attachment Q**.

4.8 Forecast

A forecast is included within the Business Plan – see **Confidential Attachment D**.

5 Suitability

5.1 Officer Declaration Details

Powershop is suitable to hold a gas retailer authorisation and declares to the best of its knowledge there has not been any:

- material failure to comply with regulatory requirements, laws or other obligations over the previous 10 years including infringement notices or other enforcement action (including voluntary administrative undertakings) being taken by a regulatory body;
- authorisations, authorities or licenses held in in any industry previously revoked;
- failed authorisations, authorities or license applications in any industry;
- past or present administrative or legal actions in relation to authorisation, authority or license in any industry; and
- situation where a Powershop employee has triggered the RoLR provisions of the Retail law or equivalent or has transferred or surrendered an authorisation or licence.

5.2 Details of Prosecution & Other Offences

Powershop confirms that it is not aware of any offences having been committed against, or been prosecuted under, any territory, state, Commonwealth or foreign legislation (including, but not limited to, the Australian Securities and Investments Commission Act 2001 (Cth), Competition and Consumer Act 2010 (Cth) and the Corporations Act 2001 (Cth)) relevant to Powershop's capacity as an energy retailer, by any persons who are responsible for significant operating decisions for the business, including all Powershop directors and officers.

Management Disqualifications and Bankruptcy

A written declaration from Powershop's Chief Financial Officer that no member of the management team has been disqualified from the management of corporations or filed for bankruptcy. See **Confidential Attachment T**.

5.3 Full Names current addresses of officers

See **Confidential Attachment R**.

5.4 Policies and procedures addressing probity and competence

As a wholly owned subsidiary of a New Zealand Government owned enterprise, and one of the largest companies in New Zealand, Powershop is subjected to probity requirements and procedures that are reviewed on a regular basis and subject to Parliamentary oversight, external audit and public exposure. See MEL Code of Conduct shown in **Confidential Attachment S**.