# AER retailer authorisation - checklist

This checklist is to assist applicants in identifying whether the application for retailer authorisation is complete and contains all of the information required by the [Authorisation Guideline](https://www.aer.gov.au/retail-markets/guidelines-reviews/retailer-authorisation-guideline-december-2014), including the [additional information to support applications](https://www.aer.gov.au/system/files/Additional%20information%20to%20support%20authorisation%20applications.pdf) published on the AER website. The additional information provides further detail on satisfying particular entry criteria in the Guideline. This checklist also requires applicants to indicate where the information is provided within the application by specifying the relevant attachment(s) and page number(s).

When submitting your application you should also submit this completed checklist.

In submitting your application, we expect that your public application will have a response for each item. If an item is not addressed, you should identify the relevant item as either not applicable or confidential as appropriate. Claims of confidentiality need to be approved by the AER.

On receipt of the completed checklist and supporting application, the AER will provide detailed feedback for applicants to address, prior to publishing the application for assessment. Further information on this process is set out in the [Checklist FAQ](https://www.aer.gov.au/node/73552).

|  |  |
| --- | --- |
| Name of applicant | Click here to enter text. |
| Have you completed the ‘General Particulars’? | Yes  No |
| **Have you completed the ‘Organisational and technical capacity’ Criterion?** | Yes  No |
| Have you completed the ‘Financial Resources’ Criterion checklist? | Yes  No |
| Have you completed the ‘Suitability’ Criterion checklist? | Yes  No |

Name of person submitting application: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of submission: \_\_\_\_\_\_\_\_\_\_\_\_\_

## **General Particulars**

| **Criterion from Guideline** | **Required information** | **Referred to where in the Application** |
| --- | --- | --- |
| 1 | Fuel type - Please enter either - Electricity (E), Gas (G) or Dual (D) |  |
| 2 | Existing or Start-up business |  |
| 3 | Confidential documents - Please enter either **-** Yes or No |  |
| 4 | Your legal name |  |
| 5 | Your trading name if different to your legal name |  |
| 6 | ABN or ACN |  |
| 7 | A registered business address and address for correspondence |  |
| 8 | A nominated contact person, including their position in the organisation and contact details |  |
| 9 | The date you intend to commence retailing energy |  |
| 10 | The nature and scope of operations proposed (business model and size of operations, volume of customers) |  |
| 11 | The jurisdictions in which you intend to retail energy |  |
| 12 | The type of customers you intend to supply (for example, small customers, small market offer customers or large customers as defined in s. 5 of the Retail Law) |  |

**Organisational and technical capacity**

| **Criterion from Guideline/ Additional supporting information** | **Required information** | **Referred to where in the Application** (reference page numbers in confidential/public applications) |
| --- | --- | --- |
| **AER retailer authorisation guideline** | | |
| Criterion 1 | Details of your (or any related parties) previous experience as an energy retailer: |  |
| 1.1 | the date and location of previous operations (this should include related entities (if applicable)) |  |
| 1.2 | the form/s of energy sold |  |
| 1.3 | the scale of operations (including the number and size of customers) |  |
| 1.4 | a description of how the retail activities were conducted |  |
| Criterion 2 | Details of any other relevant retail or energy market experience |  |
| Criterion 3 | Where you do not have previous energy market experience, how you intend to bring this experience into your business |  |
| Criterion 4 | An organisation chart showing the structure of your organisation (this should include Board members and Operational Managers) |  |
| Criterion 5 | The number of employees, broken down by business unit or other relevant classification (are employees shared with any other entities) |  |
| Criterion 6 | A summary of qualifications, technical skills and experience of your officers, and the relevance of those skills and experience to meeting the requirements of the retailer authorisation (this may include a CV) |  |
| Criterion 7 | Where you may be relying on a third party to provide staff and resources to meet the technical requirements of your retailer authorisation or to perform retail roles (such as operating phone centres or billing), you must: |  |
| 7.1 | state all functions and activities you propose to outsource |  |
| 7.2 | provide a summary of the third party’s experience in, and knowledge of, the relevant area |  |
| 7.3 | provide evidence of the third party’s technical capacity to meet relevant obligations |  |
| 7.4 | provide evidence of controls in place to ensure the third party’s compliance with the Retail Law and Retail Rules (this may include contracts, deeds and/or policies with other parties) |  |
| Criterion 8 | A business plan, including but not limited to, strategic direction and objectives, forecast results and detailed assumptions on how you calculated these forecasts |  |
| Criterion 9 | Details of your compliance strategy: |  |
| 9.1 | [demonstrating your knowledge and understanding of the obligations imposed on authorised retailers under the Retail Law and Retail Rules and applicable statutory, industry and technical requirements of the jurisdictions in which you intend to operate](file:///C:\\Users\\sbhul\\AppData\\Roaming\\iManage\\Work\\Recent\\AER201395%20-%20Market%20Entry%20and%20Exit%20-%20Authorisations%20sub-team%20matters\\AER%20-%20Market%20Entry%20-%20Checklist%20for%20Retailer%20Authorisation%20applications%20-%20July%202020(11217840.1).xlsx" \l "RANGE!#REF!) |  |
| 9.2 | outlining how applicable retailer authorisation obligations and statutory, industry and technical requirements will be met (including how compliance breaches will be identified and remedied) |  |
| 9.3 | including complaint and dispute resolution procedures, developed in accordance with Australian Standard AS/NZS 10002:2014 (AS ISO 10002-2006) (Customer satisfaction—Guidelines for complaints handling in organisations) |  |
| 9.4 | demonstrating that any gaps in the skills and/or knowledge of staff have been identified and that appropriate steps have been taken to fill those gaps (for example, through recruitment or training) |  |
| Criterion 10 | A copy of your risk management strategy covering operational and financial risks |  |
| Criterion 11 | Evidence the risk management strategy and compliance strategy have been subject to an external assurance process (we expect the external assurance process to be conducted by a suitably qualified and independent entity) |  |
| Criterion 12 | Any additional information which demonstrates your ability to manage risk and operate in accordance with the Retail Law objective, particularly the long term interests of consumers (for example, copies of any retail contracts that you have developed) |  |
| Criterion 13 | Evidence of any membership, or steps taken to obtain membership, of a recognised energy industry ombudsman scheme in the jurisdiction/s in which you intend to retail energy to small customers |  |
| Criterion 14 | Evidence of any agreements / arrangements in place with key market players within the jurisdictions in which you intend to operate. This includes, but is not limited to, distribution businesses and AEMO. Where agreements / arrangements have not been finalised, you should provide details of any negotiations or steps that have occurred to date and when you expect agreements / arrangements to be completed |  |
| 14a | If you intend to sell energy in embedded networks, provide details of back-up arrangements you have in place in case your business fails |  |
| Criterion 15 | Any additional information that will help us assess your organisational and technical capacity |  |
| **Additional supporting information** | | |
| 1. | Detail the organisational approach to managing risks.   * Include a discussion of the skills, experience and compliance history of the director(s) and key office holders   *(Relates to risk management, AER Retailer Authorisation Guideline p. 12-14)* |  |
| 2. | Identify particular risks to the business   * Is wholesale price risk incurred through spot market trading addressed in the risk management strategy?   *(Relates to risk management, Ibid.)* |  |
| 3. | Detail how each risk will be mitigated   * risk management and mitigation measures should include strategies to deal with additional risks associated with higher costs   *(Relates to risk management, Ibid.)* |  |
| 4. | Risk management strategy should include:   * A risk appetite statement articulating how much risk is acceptable to the applicant   *(Relates to risk management, Ibid.)* |  |
| 5. | Produce a risk map:   * Identify risks inherent in the proposed business * Identify likelihood of each risk occurring * Determine impact of each risk on business * Include a discussion of risks associated with each stress test.   *(Relates to risk management, Ibid.)* |  |
| 6. | Discuss access to extra cash reserves to cover extra costs when risks occur. Provide evidence of:   * bank balances, loan guarantees and the like.   Is this cash enough to cover operations over a 3-year time horizon to enable the business to continue to service all existing customers and continue growing the customer base?  *(Relates to risk and cost management, AER Authorisation Guideline p. 12-17)* |  |
| 7. | Set out processes for identifying and addressing risks.   * Include proactive and reactive strategies * Include systems, reports, business controls * Ensure transparency of risk positions and management activities   *(Relates to risk management, AER Retailer Authorisation Guideline p. 12-14)* |  |
| 8. | For each risk:   * identify the residual risks and set out how you will address them * set out roles of responsible officers * include policies and procedures providing guidance for day-to-day risk management activities   *(Relates to risk management, Ibid.)* |  |
| 9. | Is the risk management strategy proportionate to the size, operating model, and complexity of proposed retail operations  *(Relates to risk management, Ibid.)* |  |
| 10. | How will wholesale price risks be managed?   * For electricity, will you hedge part or all of the load? * For gas, how will you mitigate wholesale price risks? * What proportion of customer load will you buy from spot markets? * For electricity, will you trade on the ASX or buy over the counter (OTC) products? * For electricity, if buying OTC products: * Who from? * Provide evidence of negotiations, including pricing quotes.   *(Relates to risk management, Ibid.)* |  |
| 11. | Who in the business is responsible for purchasing contracts? Outline their experience in managing risk and purchasing wholesale electricity and gas contracts  *(Relates to risk management, Ibid.)* |  |
| 12. | If planning other means to mitigate wholesale price risks, for example:   * acquiring generation assets * entering long-term supply contracts with third parties * making other purchasing arrangements   describe how these measures will limit/mitigate wholesale price risks  *(Relates to risk management, AER Retailer Authorisation Guideline p. 12-14)* |  |

## **Financial Resources Criterion**

| **Criterion from Guideline/ Additional supporting information** | **Required information** | **Referred to where in the Application** (reference page numbers in confidential/public applications) |
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| **AER retailer authorisation guideline** | | |
| Criterion 1 | [Copies of your audited financial reports for the past 12 months (note, we may ask for the previous two years’ reports, if necessary). This information should include the items below:](file:///C:\Users\sbhul\AppData\Roaming\iManage\Work\Recent\AER201395%20-%20Market%20Entry%20and%20Exit%20-%20Authorisations%20sub-team%20matters\AER%20-%20Market%20Entry%20-%20Checklist%20for%20Retailer%20Authorisation%20applications%20-%20July%202020(11217840.1).xlsx#RANGE!_ftn1) |  |
| 1.1 | all financial statements required by the accounting standards |  |
| 1.2 | notes to financial statements (disclosure required by the regulations, notes required by the accounting standards, and any other information necessary to give a true and fair view) |  |
| 1a | an auditor’s independence declaration under section 307C of the Corporations Act 2001 (Cth) |  |
| Criterion 2 | Evidence of long and/or short term credit rating/s (if available) |  |
| Criterion 3 | Details and evidence of your current financial position (most recent financial year). For example, interim financial statements (statement of profit or loss, statement of cash flows, statement of financial position), current bank statements |  |
| Criterion 4 | If you are part of a group of related companies, and/or party to a partnership, joint venture or alliance agreement with another company, and you are given financial support by that entity, you should provide: |  |
| 4.1 | details of the ownership structure of the group (including relationships with group entities). If you are not a group but a standalone entity you should also provide details of your ownership structure. |  |
| 4.2 | the contractual arrangements (e.g. alliance contracts, associate contracts, establishment contracts) that define relationships within the group—including shared resources (such as office space, staff, sales channel, any other resource), guarantees, revenue flows, obligations and/or responsibilities |  |
| 4.3 | consolidated audited financial statements for the group |  |
| Criterion 5 | A written declaration, within 6 months of the application being accepted (published) by the AER, from your Chief Financial Officer, Chief Executive Officer or director/s stating you are a going concern and that the officer is unaware of any factor that would impede your ability to finance your energy retailer activities under the retailer authorisation for the next 12 months. For unincorporated applicants, a written declaration should be provided by the person/s in effective control of the business |  |
| Criterion 6 | A written declaration, from an independent auditor/accountant or your principal financial institution stating that: |  |
| 6.1 | an insolvency official has not been appointed in respect of the business or any property of the business |  |
| 6.2 | no application or order has been made, resolution passed or steps taken to pass a resolution for the winding up or dissolution of the business |  |
| 6.3 | the applicant is unaware of any other factor that would impede your ability to finance your energy retail activities under the authorisation |  |
| Criterion 7 | Details of any bank guarantees or arrangements or process to access additional capital |  |
| Criterion 8 | Forecast revenue and expenses for three years. This forecast should include profit and loss, cash flow, and balance sheet, and be consistent with your business plan. It should highlight all key assumptions and risks (refer to the *Additional supporting information* section below for further detail) |  |
| Criterion 9 | Any additional information that will help us assess your financial capacity to operate as an energy retailer (this could include your ownership structure if you are a stand-alone entity). |  |
| **Additional supporting information** | | |
| 1. | *Baseline scenario (electricity and gas applications)*  Include:   * profit and loss * cash flow * balance sheet   Provide 3 years of data in monthly increments.  *(Relates to information about business model and satisfying financial capacity criterion, AER Retailer Authorisation Guideline p. 12,15–17)* |  |
| 2. | Financial information must correspond to the business plan and organisational and technical capacity information  *(Ibid)* |  |
| 3. | You must:   * separately list all assumptions underlying the data * itemise all costs to the business, including prudential costs * include customer acquisition numbers (for 3 years in monthly increments) * set out expected customer load under POE50 demand conditions (shown in average MWh demand for each month)?   *(Ibid)* |  |
| 4. | *Stress test scenario 1 (electricity and gas applications)*  Customer acquisition path 50% of that specified in the baseline business plan (all else equal)  Provide (3 years of data in monthly increments):   * profit and loss * cash flow * balance sheet   *(Ibid)* |  |
| 5. | *Stress test scenario 2 (electricity and gas applications)*  Customer acquisition path 200% of that specified in the baseline scenario (all else equal)  Provide (3 years of data in monthly increments):   * profit and loss * cash flow * balance sheet   *(Ibid)* |  |
| 6. | *Stress test scenario 3 (electricity and gas applications)*  Customer acquisition path 200% of that specified in the baseline scenario, and:   * for electricity, the wholesale electricity cost equals the Annual Average Volume Weighted Price for the preceding 12 months for the most expensive region * for gas, the wholesale gas cost equals the average cost in the financial year in the preceding 5 years, with the highest average wholesale gas cost   Provide (3 years of data in monthly increments):   * profit and loss * cash flow * balance sheet.   *(Ibid)* |  |
| 7. | *Stress test scenario 4 (electricity applications only)*  Customer acquisition path 200% of that specified in the baseline business plan, and:   * for electricity, the average wholesale electricity cost equals the Average ASX-traded Base Future Contract Price for contracts available for the following 12-month period for the most expensive region.   Provide (3 years of data in monthly increments):   * profit and loss * cash flow * balance sheet   *(Ibid)* |  |
| 8. | For scenarios 1 to 4, discuss the wider impacts on the business of each scenario occurring.   * Impacts may include changes to technology and labour needs (for example, workforce size, business model, staff expertise, recruitment, customer and data management, and other technology needs. Impacts may also include increased financial capital requirements. * Detail how you will manage these changes.   *(Ibid)* |  |
| 9. | Provide evidence of access to additional funds to cover additional costs incurred for each stress test scenario.  Evidence may include:   * bank balances, loan guarantees and the like   Provide evidence the funds are adequate for the business to continue servicing all existing customers and growing the customer base as planned (i.e. as per the baseline scenario) over the 3-year forecast time horizon, for each stress test scenario.  *(Ibid)* |  |

## **Suitability Criterion**

| **Criterion from Guideline/ Additional supporting information** | **Required information** | **Referred to where in the Application** (reference page numbers in confidential/public applications) |
| --- | --- | --- |
| **AER retailer authorisation guideline** | | |
| Criterion 1 | For you (the applicant) and your associates, any other business where your officers have held an officer position and any other entity that exerts control over your business activities—details of: |  |
| 1.1 | [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.](file:///C:\Users\sbhul\AppData\Roaming\iManage\Work\Recent\AER201395%20-%20Market%20Entry%20and%20Exit%20-%20Authorisations%20sub-team%20matters\AER%20-%20Market%20Entry%20-%20Checklist%20for%20Retailer%20Authorisation%20applications%20-%20July%202020(11217840.1).xlsx#RANGE!_ftn1) |  |
| 1.2 | any previously revoked authorisations, authorities or licences held in any industry and the reason/s for the revocation |  |
| 1.3 | any failed authorisation, authority or licence applications in any industry and the reason/s the application was unsuccessful |  |
| 1.4 | any past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry |  |
| 1.5 | any situation/s where you (or an associate) have previously triggered the RoLR provisions of the Retail Law or equivalent state/territory/foreign legislation, or have transferred or surrendered an authorisation or licence in circumstances where if not done, triggering a RoLR event would have been likely |  |
| Criterion 2 | [Details of any offences or successful prosecutions 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 your capacity as an energy retailer, or written confirmation that no offences have been committed against, or been prosecuted under, any such legislation. This information must be provided for:](file:///C:\Users\sbhul\AppData\Roaming\iManage\Work\Recent\AER201395%20-%20Market%20Entry%20and%20Exit%20-%20Authorisations%20sub-team%20matters\AER%20-%20Market%20Entry%20-%20Checklist%20for%20Retailer%20Authorisation%20applications%20-%20July%202020(11217840.1).xlsx#RANGE!_ftn1) |  |
| 2a | your current director/s (or shadow / de facto director/s), and any other person that exerts control over your business activities |  |
| 2b | if your business is unincorporated, the person/s with effective control of the business |  |
| 2c | all persons who are responsible for significant operating decisions for your business |  |
| Criterion 3 | Upon request, a criminal history check conducted within the past 12 months for persons listed under information requirement 2 |  |
| Criterion 4 | Written declarations from your Chief Financial Officer (or Chief Executive Officer): |  |
| 4.1 | that members of your management team have not been disqualified from the management of corporations |  |
| 4.2 | about the record of bankruptcy of your management team (including in any overseas jurisdiction). |  |
| Criterion 5 | Full names and current residential addresses of all your officers |  |
| Criterion 6 | Details of policies and procedures addressing the probity and competence of officers and any other key management staff |  |
| Criterion 7 | Any additional information that will assist us in our consideration of the character and past performance of your officers. If there has been a compliance issue, how will this be addressed in your future operations |  |