

APPLICATION FOR ELECTRICITY RETAIL LICENSE

4 DECEMBER 2020

DMS#25



Rushenergy

1 Background

1.1 About Rush Energy

We are a new electricity retailer start-up seeking to sell electricity to customers on the Sunshine Coast. This is where our new business will be based and where we will focus our operations.

1.2 About this Application

In submitting this form and supporting documentation our aim is to satisfy the Australian Energy Regulator's information requirements for authorisation, set out in The AER Retailer Authorisation Guideline version 2 (December 2014).

Please contact our nominated contact person if any clarification or additional information is required.

2 General Particulars

2.1 Legal Name

Rush Energy Pty Ltd

2.2 Trading Name

Rush Energy

2.3 ABN or ACN

Our Australian Company Number is 637 080 490.

Our Australian Business Number is 726 370 804 90.

2.4 Registered Address

233 Palmwoods-Montville Road,
Palmwoods,
Queensland, 4555.
AUSTRALIA

2.5 Nominated Contact Person

Rudi du Preez, Chief Executive Officer. Contactable by email at



2.6 Form of Energy for Authorisation

Electricity.

2.7 Commencement of Retail Operations

We are targeting late February 2021 to commence retail operations.

2.8 Nature and Scope of Operations

We will sell electricity to customers in south east Queensland connected to the Energex network. We may develop additional services and products once our initial operations are established. More details are provided as follows:

- Appendix A: The Rush Energy Strategic Plan 2020-23 (Sections: *The Company pp6-8; Products and Services p8; Marketing and Sales Tactics, pp16-18*)

2.9 Jurisdictional Coverage

Our operations will be confined to Queensland, specifically to customers in south east Queensland connected to the Energex network.

2.10 Customer Types

We will sell electricity to small customers, defined under Section 5 of the National Electricity Retail Law. We will also sell to business customers that consume over the upper consumption threshold, defined as large customers under section 5 of the National Electricity Retail Law. More information is provided in:

- Appendix A: The Rush Energy Strategic Plan 2020-23 (Sections: *Target Market, p11; Potential for Growth, pp12-14*)

3 Organisational and Technical Capacity

3.1 Energy Market Experience

As a new company Rush Energy does not have a history of retail or energy market operations. However, we recognise the necessity of this experience to receive an

energy retail licence and for the new business to achieve sustainable operations and growth.

Accordingly, we will bring in relevant knowledge and experience through our executive team and sourcing of key service providers and advisors. Details of these arrangements are included with our application:

- Appendix A: The Rush Energy Strategic Plan 2020-23 (Section: *Operations*, pp 25-32)
- Appendix B: Service Provider Key Facts
- Appendix C: Organisation Structure

This information is summarised below:

3.2 Other Relevant Retail Experience

3.2.1 Rudi du Preez (Chief Executive Officer)

Rudi du Preez is an experienced Managing Director with over a decade of experience in the Information Technology sector. Originally from South Africa, Rudi has built a reputation for innovation and customer service on the Sunshine Coast. His previous ventures include Pro Computers, where he led technology service delivery for clients in a range of sectors. He was promoted to Managing Director in 2004 and implemented a successful management buy-out in 2009. Since then he has recently partnered with Amber Werchon to perform real estate sales in the Sunshine Coast market. He outperformed all new sales agents within 12 months and is now in the top ten ranked sales agents at Amber Werchon.

A more detailed summary of Rudi du Preez's experience is included in:

- Appendix K

3.2.2 Company Board

Kate Tennett

Katherine Tennett, co-founder and company director, has experience across a range of sectors, including managing information technology projects for mission critical trading systems at the UK National Grid. She has performed senior roles managing large teams

within the New Zealand government, focusing on web media and education. Most recently she has been involved with various business mentoring schemes on the Sunshine Coast and has extensive business networks in the local food and drink sector. A more detailed summary of Kate Tennett's experience is included in:

- Appendix ZB

Candice du Preez

Candice du Preez is a co-founder and director. She has a 15-year career in various Sunshine coast local businesses and excellent local knowledge and contacts. Passionate about good customer service, with a vision to transform energy options for local business. A more detailed summary of Candice du Preez's experience is included in:

- Appendix ZC

Shane Tennett

Our newest director, Shane Tennett, brings significant and relevant sector experience:

- 20 years of experience in the electricity sector, in a range of commercial and risk roles within private and state-owned enterprises
- Previous accountability for regulatory functions, submissions, and compliance
- Senior member and acting Project Director of the taskforce that implemented CleanCo, the new generator start-up in Queensland in 2018/19.
- Familiarity with company governance with formal training in company governance from the New Zealand Institute of Directors

3.2.3 Advisory Board

Rush Energy has implemented an advisory board that brings a range of relevant professional experience to the Rush Energy board of directors. Advisory board membership includes:

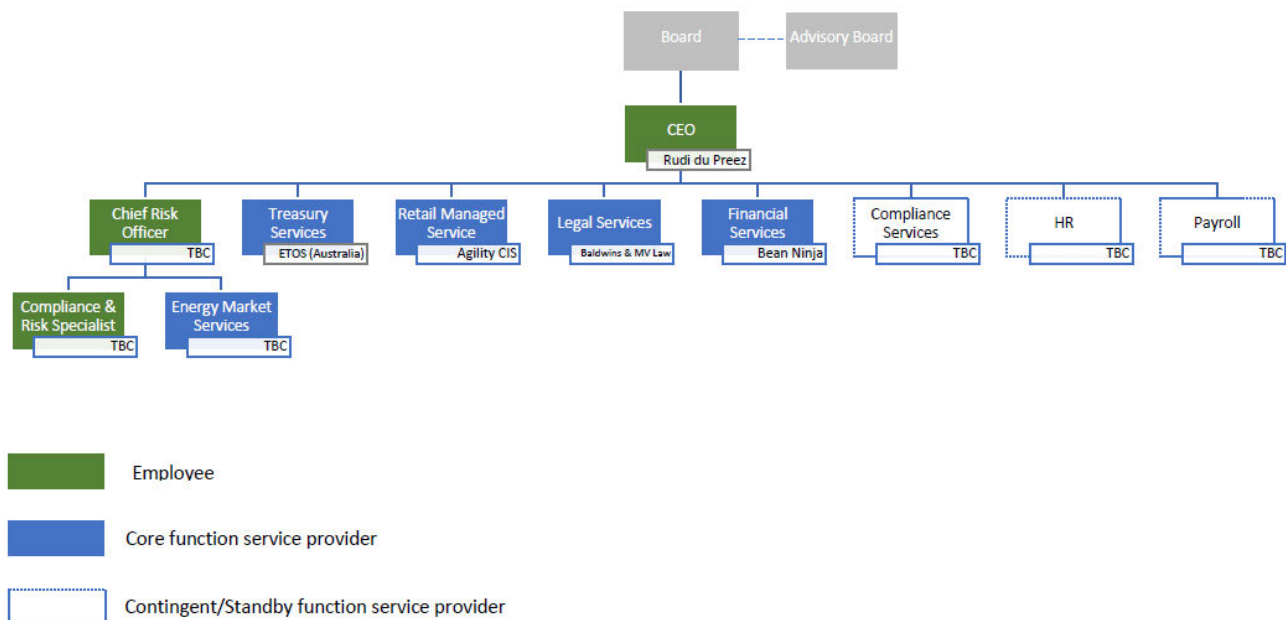
- A managing director of a mid-sized business of good standing with operations across the state including the Sunshine coast region (Rush Energy's target market).
- A petroleum executive with significant experience in supplier relations and strategic sourcing, and a 26-year track record of development, procurement and

management of high value, high complexity contracts, including claims resolutions.

- A chief financial officer of an established mid-sized Queensland business with over 20 years’ experience in corporate finance and taxation
- Two additional candidates with significant experience in networks and the national electricity market have been shortlisted for consideration on the advisory board

3.3 Organisational Chart

Figure 1: Rush Energy Organisational Chart effective at ‘go-live’ after the grant of our retailer license



An organisational chart is also provided in:

- Appendix C: Organisation Structure

3.4 Number of Employees

Rush Energy is a small electricity retailer start-up, designed and built in accordance with a lean and agile model. We will have three core employees: our CEO, a Chief Risk Officer and a Compliance and Risk Specialist once operations commence.

The CEO is already in place, and an experienced candidate has been lined up to assume the Chief Risk Officer role once a retailer license is granted by the Australian Energy Regulator. Candidates with financial risk and audit experience are under consideration for the Compliance & Risk Specialist role.

The Chief Risk Officer and Compliance and Risk Specialist will be appointed after:

- authorisation has been received from the Australian Energy Regulator for Rush Energy to perform retail functions has been received, and before:
- our operations commence.

Our operations, including front line and back office services, will be fully backed by a range of specialist service providers and advisors. The business architecture is shown in the organizational structure above.

3.5 Outsourced Functions

Functions that have been outsourced are described in Appendix A: The Rush Energy Strategic Plan 2020-23 (sections: *Operations*; pp25-32). Outsourced functions have also summarised in Appendix B: Service Provider Key Facts, which includes:

- a summary of our service providers' experience and relevant knowledge
- evidence of our service providers' technical capacity to meet relevant obligations
- evidence of controls in place to ensure compliance of our service providers with the National Electricity Retail Law and National Electricity Retail Rules.

We have supplied letters from our core service providers confirming that contractual arrangements are in place for necessary support services, as follows:

- Appendix ZD: Agility CIS Confirmation of Service Provision
- Appendix ZE: ETOS Australia Confirmation of Service Provision

We recognise the importance of managing wholesale electricity market risk, and have a Market Risk Strategy that includes how we plan to manage our market risk and how we will procure specialist services to help manage this risk at key points in our operations:

- Appendix W: Market Risk Strategy

3.6 Business Plans

A detailed business plan is provided with our application. Refer to Appendix A: The Rush Energy Strategic Plan 2020-23. This plan includes:

- A description of our business (section: *The Company*, pp6-8)
- An analysis of the market we will operate in (sections: *Industry Analysis*, pp8-11, *Market Analysis*, pp11-15, and *Detailed Competitor Analysis*, pp42-46)
- Our objectives and the strategies we will use to achieve them (section: *Marketing and Sales Strategy*, pp16-23)
- Our operating forecasts for the 2020-23 period, including our customer acquisition targets (sections: *Marketing and Sales Strategy*, pp16-22 and *Financial Data Assumptions and Highlights*, pp39-40)
- A cashflow analysis over the 2020-23 period (section: *Daily Cashflow Statement*, p42)

3.7 Compliance and Risk Management Strategies

We have developed the following frameworks relevant to managing our obligations to customers under the National Electricity Retail Law and National Electricity Retail Rules:

- a Compliance Standard & Framework developed in accordance with the principles of AS ISO 19600:2015 *Compliance Management Systems*
- a Risk Management Standard & Framework developed based on the guidelines of ISO 31000:2018 *Risk Management*

Both frameworks have been endorsed by our Board and are provided with our application:

- Appendix D: Compliance Standard & Framework
- Appendix E: Risk Management Standard & Framework

The frameworks and their supporting documents and systems have been subjected to an external assurance process using an independent auditor. The independent auditor report is provided with our application:

- Appendix F: Auditor Review of Risk and Compliance Systems

As part of our compliance preparations, we have developed standard retail contracts consistent with the regulatory requirements for the jurisdiction we will operate in (south east Queensland). These are included with our application:

- Appendix G: Standard Retail Contract

In accordance with our Risk Management Standard and Framework and Compliance Standard and Framework, we have developed business controls, tools and procedures, including the following, which have been submitted as part of our application:

- Appendix Y1: Compliance Action Calendar
- Appendix Y2: Quarterly Compliance Report Template
- Appendix Y3: Obligations Register
- Appendix Y4: Compliance and Risk Specialist Position Description
- Appendix X1: AER Reporting Procedures
- Appendix X2: Compliance Incident and Breach Management Procedures
- Appendix X3: Clean Energy Regulator Procedures
- Appendix X4: Critical Payment Procedures
- Appendix Z: Risk Register
- Appendix ZG: Customer Acquisition Procedures
- Appendix ZH: Customer Complaints and Equiries Procedures
- Appendix ZI: Contract Creation and Change Procedures
- Appendix ZJ: Tariff Creation Procedures
- Appendix ZK: Contract Termination Procedures
- Appendix ZM: Internal Reporting Procedures

3.8 Energy and Water Ombudsman for Queensland

On 3 November 2019 we received a letter from the Energy and Water Ombudsman Queensland relating to our pending retail operations in south east Queensland and membership of the Queensland ombudsman scheme. This is provided with our application:

- Appendix H: EWOQ Registration Response

3.9 Agreements with Market Participants

3.9.1 The Australian Energy Market Operator

We commenced a registration process with AEMO to become a market participant on 30 April 2020. The completion of this registration process is contingent on the acquisition of our electricity retailer license. Correspondence summarising the status of our application with AEMO is provided with our application:

- Appendix I: AEMO Notice of Registration

3.9.2 Energex (the relevant distribution network service provider)

We have commenced discussions with Energex relating to our pending retail operations in south east Queensland. Correspondence summarising the status of these discussions with Energex is provided with our application:

- Appendix J: Energex Information for New Retailer

3.10 Additional Information

Please notify us if you require additional information.

4 Financial Capacity

4.1 Details of our current financial position

We are a brand-new start-up, and consequently do not have historical financial statements that we can submit in support of our application. Instead, we have provided the following supporting information relating to our current financial position:

- Appendices L1, L2 and L3: Current Rush Energy Bank Statements
- Appendix T: Loan Ledger

4.2 Related companies

We are part of a group of related companies. Details are provided as follows:

- Appendix A: Rush Energy Strategic Plan 2020-23, (Section: Ownership and Legal Structure, p7)
- Appendix R1

4.3 Declaration from CEO

Rush Energy Pty Ltd is a going concern. We are not aware of any factor that would impede our ability to finance our activities under the retailer authorisation for the next 12 months. A declaration from our Chief Executive Officer to this effect has been included with this application:

- Appendix M: Declaration from CEO.

4.4 Statement from our Principal Financial Institution

Our principal financial institution has provided the following statement that is relevant to our application and our financial status, confirming that no insolvency official has been appointed in respect of Rush Energy or any property of Rush Energy, and no application or order has been made, resolution passed; or steps taken to pass a resolution for the winding or dissolution of Rush Energy:

- Appendix N: Statement from Principal Financial Institution

4.5 Details of Bank Guarantees

We have bank guarantee arrangements in accordance with our obligations under 3.3 of the National Electricity Rules regarding prudential requirements. Details of these arrangements have been included with our application:

- Appendix O: Bank Guarantee

4.6 Details of Access to Capital

We have revolving credit facilities with lenders that facilitate access to additional capital when required. Details of these arrangements have been included with our application:

- Appendix P: Capital Instrument A
- Appendix Q: Capital Instrument B
- Appendix R1: Lender A Credit Assessment
- Appendix R2: Lender A Credit Assessment 2
- Appendix S: Lender B Credit Assessment
- Appendix T: Loan Ledger

4.7 Forecast Revenue and Expenses

We have provided a forecast of our revenue and expenses to the point where our business is cashflow positive:

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- Appendix A: Rush Energy Strategic Plan 2020-23, (Section: Annual Income Statements, p41).

4.8 Additional Information

Please notify us if you require additional information.

5 Suitability Criteria

5.1 Details of 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

- Nil. Refer to CEO Declaration in Appendix U1.

5.2 Details of any previously revoked authorisations, authorities or licenses held in any industry and the reason/s for the revocation

- Nil. Refer to CEO Declaration in Appendix U1.

5.3 Details of any failed authorisation, authority or license applications in any industry and the reason/s the application was unsuccessful

- Nil. Refer to CEO Declaration in Appendix U1.

5.4 Details of any past or present administrative or legal actions in relation to an authorisation, authority or license in any industry

- Nil. Refer to CEO Declaration in Appendix U1.

5.5 Details of 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.

- Nil. Refer to CEO Declaration in Appendix U1.

5.6 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

- Nil. Refer to Board Declaration in Appendix ZA.

5.7 Provide written confirmation that no offences have been committed against, or been prosecuted under, any such legislation. This information must be provided for:

- **your current director/s (or shadow / de facto director/s), and any other person that exerts control over your business activities**
 - None of our directors, past or present, have committed or been prosecuted for committing offences under any territory, state, commonwealth or foreign legislation.
 - Refer to Board Declaration in Appendix ZA.

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- No individuals have exerted control over Rush Energy who have committed or been prosecuted for committing offences under any territory, state, commonwealth or foreign legislation.
 - Refer to Board declaration in Appendix ZA
 - **if your business is unincorporated, the person/s with effective control of the business**
 - Not applicable
 - **all persons who are responsible for significant operating decisions for your business**
 - No person that is responsible for making significant operating decisions for Rush Energy has committed or been prosecuted for committing offences under any territory, state, commonwealth or foreign legislation.
 - Refer to Board Declaration in Appendix ZA.

5.8 Written declarations from your Chief Financial Officer (or Chief Executive Officer):

- **that members of your management team have not been disqualified from the management of corporations;**
 - Refer to our Chief Executive Officer's statement in Appendix U2
- **about the record of bankruptcy of your management team (including in any overseas jurisdiction).**
 - Refer to our Chief Executive Officer's statement in Appendix U2

5.9 Full names and current residential addresses of all your officers

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- Refer to Appendix K and ZN: Executive Resumes

5.10 Details of policies and procedures addressing the probity and competence of officers and other key management staff

- A policy and process for identifying, recruiting, inducting and maintaining competence of key staff is set out in Appendix D: Compliance Standard & Framework (pp 17-18)
- Key features include our Code of Conduct, which is mandatory for all our employees to follow and is included in Appendix V: Code of Conduct
- Additionally, new hires will require police checks and referee reports from two independent sources