

Electricity in a Box Retailer Authorisation Application

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I. Introduction

Electricity in a Box has been created as a new start up energy retailer. Its purpose is to create a small sustainable footprint within the Australian energy market. Electricity in a Box will support a key Telecommunications business in providing a basic retail energy offering that is very competitive due to the following factors -

- Its offering will be sold as a cross sell offering to existing clients
- It will build on an existing relationship with Utilities customers
- It will use an already economy/cost of scale to support its energy offering

The above factors will reduce EIAB's risk in entering the market and operating a retail energy entity at scale.

This application for an energy retailer authorisation will show that Electricity in a Box:

- Has acquired the organisational and technical capacity to operate as a retailer;
- Has sufficient financial resources to operate as a retailer;
- Is managed by people who are suitable to hold a retailer authorisation.

This application by Electricity in a Box consists of the following:

- Section II of this document provides the required information in regards to general particulars
- Section III of this document provides the required documentation in regards to organisational and technical capacity
- Section IV of this document provides the required information in regards to the financial resources to finance retail operations
- Section V of this document provides the required information in regards to the suitability of employees, directors and board, and
- Section VI of this document provides a list of attachments referenced throughout this application.

The information herein is evidence that Electricity in a Box meets the entry criteria, and can meet the obligations of an energy retailer. The format of this document follows the structure as outlined in the document 'AER- Retailer authorisation guideline – December 2014' as provided by the AER.

The information held within is for public record. Evidence that is deemed 'commercial in confidence' **will** be identified in the appendix of this document. All 'commercial in confidence' information will be supplied in attachments solely for the viewing of the regulator and for the purpose of determining suitability of Electricity in a Box to become an energy retailer.

II. General Particulars

General Particulars

1. Legal name: Electricity in a Box
2. Trading name: Electricity in a Box (EIAB)
3. ABN: 74 140 547 226
4. Registered Address: 4/50 Queen st, Melbourne, 3000
5. Nominated contact: Morgan Duncan
6. Form of Energy for Licence Authorisation: Electricity
7. Date intended to start retailing energy: October 1st

8. Nature and Scope of Operations: EIAB is a brand new start up energy retailer as a recognition from More/Tangerine Telecom to provide further value to its customers. EIAB has been set up to allow More/Tangerine to provide competitive energy retail products to its existing telecommunications customers. To this end EIAB will be seeking to provide retail energy products to customers <160MWh usage per annum.

9. Jurisdictions intended to retail: QLD

10. Types of Customers: SME and Residential.

III. Organisational and Technical Capacity

This section discusses Electricity in a Box's industry experience, operational systems and staff expertise. It will demonstrate how Energy in a Box has the ability to comply with regulatory obligations under the energy laws. It will also provide details of 3rd party arrangements.

Required information – Organisational and technical capacity

Previous experience as an energy retailer – While individuals from EIAB are experienced in working in an energy retail environment, this is the first time EIAB is applying for a Licence authorisation.

Date and location of previous operations – N/A.

Forms of energy sold – N/A.

Scale of operations – While not previously working as an electricity retailer Utilibill's billing CRM and back office service has and does provide support to a number of retail clients.

A description of how retail activities were conducted – N/A.

Retail or energy market experience

Electricity in a Box is a newly established business which draws on the experience of individuals and organisations that have significant energy and retail experience. A back ground on key parties that will be involved the details of these individuals is explained in **Attachment 2: Business Plan**. The relevant section of the business plan explains their experience in retail activities. It also lists the members of The Board and their unique set of skills to guide Electricity in a Box through initial start-up activities through to a mature business.

Partnerships and third parties

Electricity in a Box will rely on Utilibill to provide a billing provisioning payment platform. Utilibill will provide the following services:

- A CRM: enabling Electricity in a Box customer information in one place including their history.
- Billing: covering all aspects of the billing cycle and other aspects including bundles.
- Exception management: ensuring customers are provisioned on time, billed on time and monitored when required.

Utilibill has been in the market for a number of years and provides on market and off market CRM/retail management services to a number of Embedded on market retailers across the AER jurisdictions. Utilibill also has the requisite staff that have a depth of experience within a retail environment to ensure Utilibill's

service offering aligns to that of its retail clients and their obligations.

Utilibill has its own retail compliance policy, however they will abide by Electricity in a Box compliance policy. If policy is ever in conflict, then Electricity in a Box compliance policy takes precedence.

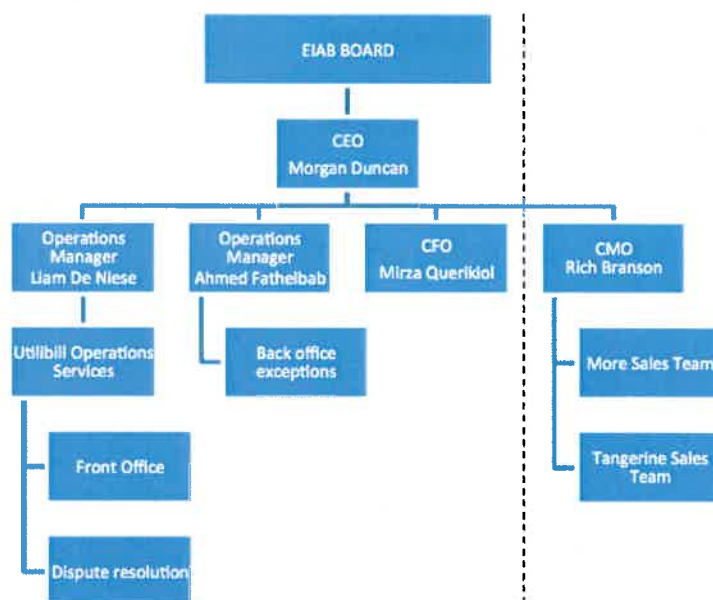
- Attachment 3: Utilibill agreement

Other third party relationships can be found in the Business Plan.

Organisation chart

An organisation chart has been included in the Business Plan (**Attachment 2: Business Plan**).

Figure 1: Example Organisation Chart.



The number of employees (broken down by unit) are contained in EIAB's financial model which has been provided for this application. As per the above organisation chart at this stage we have allocated:

- CEO position
- 4 operational management heads
- A team leader to be assigned from Utilibill to manage EIAB's Back office exception process
- A team leader from Utilibill to manage EIAB's Front office service management
- More/Tangerine will assign one manager from its current organisation to manage its value proposition, marketing material and customer scripting.
- Front line staff are a function of business scale. The cost and coverage of such staff have been covered in the financial model.

Employees

The number of key management staff and third party support has been outlined in EIAB's financial forecast (**Attachment 10 - Financial forecast**) to compliment the organisational chart contained within the business plan (**Attachment 2: Business Plan**) provided.

Key personnel

The qualifications, technical skills and experience of officers and staff are located in the Business Plan (**Attachment 2: Business Plan**).

Morgan Duncan

Morgan is an experienced Executive with a demonstrated history of driving disruption in the utilities industry. Skilled in Management, Account Management, Start-ups, and Leadership Morgan brings a wealth of experience to the business. Morgan was a founding member of Telco in a Box, which supported companies like Belong as a major player in the Telco space before being successfully sold to ASX:MNF and ASX:5GN for a combined \$39m.

Richard Branson

Richard Branson has worked within a retail Telecommunications environment for over 15 years now, firstly with If Telecom as their Marketing Director between 2005 – 2014 and then with More/Tangerine as their CIO/COO over the past six years. Richard has previously run cross sell campaigns in the energy space partnering with Dodo energy to sell their energy products and is familiar with the similarities that exist across each industry.

Andrew Branson

With Richard, Andrew has worked diligently to build up the More/Tangerine business many thousands of customers. Prior to this Andrew with Richard founded If Telecom which they sold successfully to Smart Business Telecom in 2013 see - <http://www.telecomreviewasia.com/index.php/news/industry-news/1416-tangerine-telecom-shows-great-evolution-through-the-years>. Andrew brings with him great business management and development experience to the team.

Liam De Niese: Operations Manager – Front of house and service

Liam De Niese has worked within a retail energy environment for over 10 years now. Starting with Momentum Energy (2008-2012) firstly as a service rep and then a Customer Service Team Leader Liam has cut his teeth across many different areas on retail energy including transfers, billing, ombudsman case handling, credit and compliance. In 2013 Liam moved to Lumo Energy to head up a team in the connections and transfers area and

then moved across to manage Lumo's sales channels in 2015. Liam has been with Utilibill for the last 18 months to bring his added experience within a retail energy environment and ensure that Utilibill's service offering is always in step with market obligations. Liam will work closely with More/Tangerine to ensure compliance obligations are met, sound retail reporting and process are in place and that the overall energy customer experience is delivered from a front end perspective.

Ahmed Fathelbab: Operations Manager – Back office and process development

Ahmed has spent his last 5 years within a retail energy environment. With Lumo between 2013 – 2018 Ahmed worked largely as a project manager, across areas including Sales and Marketing (channel onboarding), customer communications and the processes that interact with key third party suppliers. Before his time in a retail environment Ahmed worked with the National Bank as a project officer between 2009 - 2013. Ahmed has been brought into the EIAB project to manage the back office (Billing onboarding and connectivity, bill run delivery, Exception handling process) support that Utilibill routinely provides its energy retail clients.

Mirza Querikiol: Chief Financial Officer

Mirza is a certified practicing Account (CPA), prior to EIAB Mirza has been employed by Utilibill fulfilling CFO duties managing the finances of their Australian, United States and Philippines operations. Mirza has worked as an Accountant and CPA in several Power companies overseas including Cebu Private Power Company and Aboitiz subsidiaries for well over a decade. Mirza has a strong grip on the electricity sector along with the associated risks of volatile markets. Mirza will provide strong financial oversight to the EIAB business and play an integral role in the business. Mirza is experienced with energy financial forecast modelling, credit support requirement modelling as well as wholesale forecasting reporting.

Third Parties

As outlined in the **compliance strategy** and **wholesale** sections of this application EIAB will seek to engage experienced third parties to assist it with its technical requirements in these areas. EIAB is current under tender in both these areas. Each business that EIAB intends to contract with will have previous and current experience in assisting retail business with operating and managing their obligations in these areas. This is the same with EIAB's appointment of Utilibill as its key partner to assist it with Billing, back office and front office management.

Key make up of the business

The below diagram illustrates the key make up of Electricity in a Box:



With the above structure in place, and by utilizing the energy retail CRM and service delivery experience of Utilibill and other service providers, EIAB intends to deliver competitive energy services to More/Tangerine's existing Telco customers. More/Tangerine understands the Utility retail space in detail. By enhancing this experience with specific energy retail expertise More is taking a risk adverse approach to market entry while still allowing for competitive point of different products and services to be delivered to its customers.

Business plan

A suitable business plan (**Attachment 2: Business Plan**) and forecast model (**Attachment 10 - Financial forecast**) has been provided with this application that:

- Provides clear strategic direction, objectives and motivation for EIAB's creation and push into the retail energy space
- Provides a detailed forecast of results and calculated assumptions within its model

Compliance strategy

EIAB has developed an initial Compliance strategy that:

- Demonstrates knowledge and understanding of obligations imposed on authorised retailers under the Retail Law and Retail rules and the applicable statutory requirements
- Outlines how applicable retailer authorisations obligations will be met including how compliance breaches will be identified with examples of some accompanying tools/instruments it will implement support this policy.
- References and utilises the knowledge gain from Complaint and dispute resolution procedures (ISO 10002-2006 customer satisfaction – guidelines for complaints handling in organisations)
- Demonstrates that any gaps in skills or knowledge of staff have been identified and steps taken to fill those gaps (through training and the recruitment of specialist third parties)

EIAB is committed to ensuring that it will implement its compliance policy and attending structure before it begins retail operations. EIAB also understands that its training policies and systems are developed and administered in a way that effectively communicates this policy and framework and allows its employees to manage EIAB's obligations accordingly.

EIAB understands the AER compliance obligations of regulated entities as well as reporting breaches of types 1, 2 and 3. EIAB has also developed standard templates to be used in reporting the absence or presence of breaches and those time frames and other rules may change from time-to-time as notified by AER. These will be continually developed as required from time to time.

EIAB also understands that it will need to ensure that any information systems used by EIAB, whether in house or through external third party relationships have or have developed, reporting capable of providing base information which provides adequate transparency for the reporting of any actual or potential breaches. EIAB is setting up its structures in a way where information systems should produce all or almost all of the required reporting as a base standard. EIAB will continually work towards this as a base objective over time so that its compliance processes will scale adequately with its growing business size.

Attachment 4 – Compliance strategy

Attachment 4.1 – Breach reporting template

Attachment 4.2 – Breach register

Attachment 4.3 – Compliance audit

Attachment 4.4 – Complaint and dispute resolution

Attachment 4.4.1 – Complaint register

Risk management strategy

EIAB has created a Risk policy and provided this view the AER's review. This policy outlines EIAB's approach to manage both its financial and retail obligation risk. Along with its compliance strategy it has been reviewed by an independent auditor to ensure it is fit for purpose in meeting its obligations and identifying potential or actual risks to its operation. Along with this EIAB has provisioned a team of experienced individuals and experienced third parties that have extensive experience and expertise in risk management across a utilities business.

- Attachment 5 – Risk management strategy

To assist with its Risk Management strategy EIAB will be implementing the following tools to provide sound structure in management its risk:

- Trading and Risk Margin probability reporting
- Wholesale and retail Market trend analysis
- Maximum Credit Limit reporting
- Risk Register
- Energy Hedging Policy (with maximum cash risk threshold documented)

Risk and compliance audit

An audit of Electricity in a Box's compliance and risk management strategies has been conducted and found to be favourable.

Attachment 6 Declaration – Risk and Compliance Audit

Any additional information demonstrating ability to manage risk and operate in accordance with the Retail Law objective

No further information

Energy Ombudsman

Evidence (**Attachment 7 – EWOQ contact**) of contact made with the energy ombudsman in the state we intend to operate in.

Key market players

EIAB understands that it cannot retail to its customers without establishing relationships with AEMO, key network companies, local ombudsman, wholesale advisory and compliance management organisations. Some contact has already been made in this regard (**Attachment 8 – Key market contact**) along with additional information about key third parties in the business plan. EIAB commits that it will set all

appropriate agreements (some which are conditional upon receipt of retail authorisation) in place before it begins its retail operations.

IV. Financial Capacity

Electricity in a Box has adequate financial capacity to support its planned retail operations. This section combined with the business plan highlighted in the previous section shows that Energy in a Box is well prepared to enter the energy retail market.

This section will discuss the financial position of Electricity in a Box supported by appropriate documentation.

Required Information – Financial resources – Start up business section

Financial position

As a start-up business Electricity in a Box has no credit rating or audited reports. The following attachments (bank statement) provide assurance that Electricity in a Box has sufficient capital to finance its' retail operations as per the business plan and financial forecast.

- Attachment 9 - Financial information

As a start-up business EIAB is a stand alone venture and not related to any group of companies.

Financial forecast

Electricity in a Box has produced a forecast model which looks at revenue and expenses to the point where it will be cash-flow positive. The forecast highlights assumptions used and any risks, it is consistent with the business plan.

- Attachment 10 - Financial forecast

Financial declarations

There are no insolvency related issues with respect to Electricity in a Box. Our primary financial institution has declared that

- An insolvency official has not been appointed in respect of the business or any property of the Electricity in a box business
- No application or order has been made, resolution passed or steps taken to pass a resolution for the winding up or dissolution of the Electricity in a box business
- They are unaware of any other factor that would impede Electricity in a Box's ability to finance its energy retail activities under the authorisation

This declaration is found in the following attachments

- Attachment 11 - Declaration - Principle Financial Institution

Electricity in a Box's CEO has provided a written declaration that states that Electricity in a Box is a going concern and that they are unaware of any factor that would impede the ability of Electricity in a box to finance its retailer activities. This declaration is found in the following attachment

Attachment 12 - Declaration - Financial Suitability

Required Information – Suitability

The board and officers of Electricity in a Box confirm the following in relation to the suitability criteria.

1. Material failure, revocation of authorisations, failed applications, past legal actions, triggering RoLR provisions
 - There has been no material failure to comply with regulatory requirements, laws or other obligations over the past 10 years
 - There have been no failed authorisations, authorities or licence applications in any industry
 - There are no past or present administrative or legal actions in relation to authorisation, authority or licence in any industry
 - There have been no situations where an employee of Electricity in a Box has triggered the RoLR provisions of the Retail Law or any equivalent

2. No offences or successful prosecutions

Electricity in a Box declares that it has not been involved in any prosecutions under any Territory, State, Commonwealth or foreign legislation.

Signed declarations are provided in relation to the above suitability criteria and can be found within the following attachments

- Attachment 13 Declaration – Suitability
- Attachment 14 Declaration – Offences or prosecutions

Criminal history checks

In relation to suitability Electricity in a Box commits to a criminal history check on any Director, Executive or employee who may have an impact on the management of Electricity in a Box as an authorised retailer.

Additional declarations

The following additional declaration further contribute to Electricity in a Box employee suitability. Particularly addressing that no member of the management team have been disqualified from the management of corporations and that none of the management team have been bankrupt.

- Attachment 15 - Declaration – Disqualification or Bankruptcy

Full names and addresses

The full names and current residential addresses of key officers are included as attachment 16.

Policy and procedures (probity and competence)

As addressed previously Electricity in a Box has a compliance policy, which addresses the probity and competence of its officers. EIAB also has created and can provide on request the following information

- EIAB Code of Ethics
- EIAB Employment contract that has been legally reviewed to confirm compliance with legal and regulatory requirements
- Training program in line with industry regulatory and local legal obligations

VI. Appendix of Attachments

Public record

Attachment 1: ASIC record

Commercial in confidence

Attachment 2 – Business plan

Attachment 3 - Utilibill agreement

Attachment 4 – Compliance strategy

Attachment 4.1 – Breach reporting template

Attachment 4.2 – Breach register

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Attachment 5 - Risk management strategy

Attachment 6 - Declaration - Risk and Compliance Audit

Attachment 7 – EWOQ contact

Attachment 8 – Key market contact

Attachment 9 - Financial information

Attachment 10 - Financial forecast

Attachment 11 - Declaration - Principle Financial Institution

Attachment 12 - Declaration - Financial Suitability

Attachment 13 - Declaration – Suitability

Attachment 14 - Declaration – Offences or prosecutions

Attachment 15 - Declaration – Disqualification or Bankruptcy

Attachment 16 – Addresses of key staff