

SAVANT ENERGY

POWER NETWORKS

SAVANT ENERGY POWER NETWORKS APPLICATION FOR RETAILER AUTHORISATION – GAS 1 MAY 2016

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1. GENERAL PARTICULARS

1.1 APPLICANT

The applicant is Savant Energy Power Networks Pty Limited.

1.2 TRADING NAME

Savant Energy Power Networks Pty Limited does not use a trading name.

1.3 ACN

ACN is 604 736 638 (Please refer to *Appendix A: Certificate of Incorporation*).

1.4 REGISTERED ADDRESS

13 Greenhill Road
Wayville, SA 5034

1.5 ADDRESS FOR CORRESPONDENCE

PO Box 110
Walkerville, SA 5081

1.6 NOMINATED CONTACT PERSON

Name : Richard Mintz
Position : Director

1.7 FORM OF ENERGY FOR WHICH A RETAILER AUTHORISATION IS SOUGHT

Gas.

1.8 DATE YOU INTEND TO COMMENCE RETAIL OPERATIONS

1 July 2016.

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1.9 NATURE AND SCOPE OF THE OPERATIONS PROPOSED

SEPN will sell gas to small and large customers through Embedded Gas Networks (EGN).

1.10 JURISDICTIONS

The applicant will be operating initially in SA with a view to expanding nationally.

1.11 TYPE OF CUSTOMERS

SEPN intends to sell gas to small and large customers through Embedded Network's. The initial market will be sought through SEPN's existing electricity customers in whom develop apartment buildings, shopping centers & retirement villages.

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2. ORGANISATIONAL AND TECHNICAL CAPACITY

2.1 PREVIOUS RETAILING EXPERIENCE

Savant Energy Power Networks Pty Limited does not have experience in the retailing of gas, however it has been granted a full electricity retailer authorization from the Australian Energy Regulator on 4 July 2015 and is currently operating and managing EPN's in 4 of Lifestyle SA retirement villages. Recently, SEPN added 260 metering points through EPN's, strong pipeline.

One of SEPN's director has been involved in the energy industry for 5 years. In Richard Mintz's capacity as the Managing Director of Love Energy (Aust) Pty Limited he ran a significant customer service centre and is well aware of the intricacies of operating such a department. In his capacity as the proprietor of Savant Energy Advisory Pty Limited, he provides advise and services to both residential and business retail electricity customers. In order to provide this advise he has acquired significant knowledge and understanding of the problems that arise for retail customers. In many instances he have acted on behalf of his clients in disputes with energy retailers, either by directly dealing with the retailer or thru the Energy and Water Ombudsman of South Australia. He has a detailed understanding of pricing, network charges, renewable energy charges, privacy issues and DUOS issues. He has been acting for Lifestyle for the last 12 months and have provided them with significant advice in relation to the operation of their EPN sites.

2.2 OTHER RELEVANT EXPERIENCE

As mentioned above whilst Savant Energy Power Networks Pty Limited has no experience in retailing gas its directors and shareholders have experience in the energy markets.

2.4 ORGANISATION CHART

Please refer to *Appendix D: Organisational Chart*.

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2.5 EMPLOYEES

Savant Energy Power Networks Pty Limited currently employs 5 employees (including directors). Number of employees that will initially be working on the Energy Retail business by functional unit is presented below (and is outlined in *Appendix D*):

Business Unit	Employees
Finance	1
Operations	2
Marketing & Sales	2

As we will be commencing with only a small number of retail gas customers, we believe that our existing staffing levels are sufficient in order to meet our requirements and comply with our obligations under the retailer authorisation. The forecasts that we have provided to the AER have not included any growth projections: either in terms of the acquisition of additional retail customers, or in terms of staffing. We agree that it would be prudent for the directors of SEPN to determine a trigger point for the review of our staffing requirements, however we feel would be difficult for us to do so prior to the commencement of our operations, anticipated to be 1 July 2016, subject to the granting of our retailer authorisation by the AER. We do believe that our current staffing levels should be sufficient to handle at least 1,500 individual metering points, so we have therefore set this level as being an interim trigger point for the review of our staffing requirements. As we also expect to have ongoing reporting of our compliance obligations that are a condition of our authorisation, we believe that our reporting structures will provide us with sufficient indication of any additional staffing requirements prior to the interim trigger point of 1,500 metering points being achieved.

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2.6 QUALIFICATIONS, SKILLS & EXPERIENCE OF OFFICERS

2.6.1 OFFICERS

Title	Name	Experience
Director	Richard Mintz	<p>Bachelor of Economics</p> <p>Member of the Institute of Chartered Accountants</p> <p>Masters of Business Administration</p> <p>Member of the Institute of Company Directors</p> <p>Managing Director of Love Energy (Aust) Pty Limited 2010 to 2013</p> <p>Director of Savant Energy Advisory Pty Limited 2013 to current</p> <p>Director of Savant Capital Pty Limited 2014 to current</p>
Director	Justin Hyde	<p>Bachelor of Economics</p> <p>Member of the Institute of Chartered Accountants</p> <p>Over 20 years of Investment Banking experience with Macquarie Bank, JP Morgan and Barclays</p> <p>Director of Savant Capital Pty Limited 2014 to current</p>

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Darren Lines
Business Development Manager

	Relevance to Authorisation
Qualifications	
MBA (University of SA)	This degree provides the technical knowledge for Strategic Management, Finance, marketing and project management. All of which are key functions of Darren's role with SEPN and the subsequent success of the Gas side of our business.
Technical skills	
<ul style="list-style-type: none"> Account Management Supply Contract Management P&L Management Budgeting Communication Customer Relationship Management Training in SEPN Policies and Procedures 	<p>Darren will be seeking new customers and markets whilst also dealing with existing customers on a day to day basis. Customer relationship Management along with account management skills have a direct impact on the success of our business model. Supplier contract management is also a key input into our business model of which Darren is responsible.</p> <p>Complete training in SEPN policies and procedures ensuring that when Darren deals with customers both he and the customer are fully aware of SEPN's responsibilities in accordance with our retail licence under the AER.</p>
Experience	
Fielders Steel Roofing <ul style="list-style-type: none"> State Operations Manager SA/ NT Lightforce <ul style="list-style-type: none"> Sales & Marketing Manager 	Responsible for the management and marketing programs to support a large customer base. Identification and implementation of growth strategies.

Brooke Harvey
Administration Manager

	Relevance to Authorisation
Qualifications	
<ul style="list-style-type: none"> Certificate IV in Financial Services Diploma in Business Management 	Solid foundation for Brooke to be able to manage the key functions of her role. Will also be vital as the business grows and we bring on more staff whom will report to Brooke.
Technical skills	
<ul style="list-style-type: none"> Customer Service Conflict Resolution Xero & Book Keeper Management CRM. 	Main point of contact for customers, these skills allow Brooke to be able to assist customers on a daily basis with queries and payments, as well as being able to assist with difficult customers.

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<ul style="list-style-type: none"> • Training in SEPN Policies and Procedures 	<p>Brooke manages payments to Suppliers as well as customer accounts, we use the Xero software to monitor this process for us.</p> <p>Complete training in SEPN policies and procedures ensuring that when Brooke deals with customers both she and the customer are fully aware of SEPN's responsibilities in accordance with our retail licence under the AER.</p>
<p>Experience</p> <p>Regional Rural Finance</p> <ul style="list-style-type: none"> • Documents and Settlements Clerk. • Credit Analysis • Personal Assistant to MD <p>Australian Executor Trustees</p> <ul style="list-style-type: none"> • Settlements and transitions Administrator <p>Servcorp</p> <ul style="list-style-type: none"> • Personal Assistant <p>Petroking International</p> <ul style="list-style-type: none"> • Administration Manager 	<p>Good administrative background, ensuring that our Supply and customer records are accurately maintained.</p>

2.7 COMPREHENSIVE BUSINESS PLAN

A comprehensive business plan is attached as *Appendix M: Business Plan*.

2.8 QUALITY ASSURANCE ACCREDITATION

Savant Energy Power Networks Pty Limited is a newly incorporated company established to retail electricity & now gas has not completed any quality assurance accreditations.

2.9 COMPLIANCE STRATEGY

2.9.1 OBLIGATIONS

Savant Energy Power Networks Pty Limited understands that gas is an essential service and as a retailer we provide a significant input to our customers' businesses and homes. Savant understands the importance of complying with Energy Laws and the terms of our license.

Savant Energy Power Networks Pty Limited has implemented a compliance policy consistent with Australian Standard AS3806 and its core principles of commitment, implementation, monitoring, measuring and continuous improvement.

Please refer to *Appendix E: Savant Energy Power Networks Pty Ltd Compliance Policy*

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Savant Energy Power Networks Pty Limited has compiled a detailed set of Policies and Procedures to ensure that Savant can manage its retail operations and remain compliant with all relevant obligations. These include complying with the National Gas Law, National Gas Rules, AER Guidelines and authorisation conditions (pending approval) and jurisdiction specific energy obligations for each state that Savant intends to provide gas. Savant has also considered its obligations under National Energy Customer Framework (NECF), Competition and Consumer Act 2010, Australian Consumer Law, Privacy Act 1988 and other relevant legal or regulatory requirements to ensure appropriate interactions with customers. The internal compliance and risk management team, with assistance of its legal and compliance service providers, ensure identification and compliance with relevant obligations on an ongoing basis.

Given the size of our organisation and our small customer base, we do not intend employing a dedicated compliance officer. The task of overseeing compliance will fall to the Audit and Risk Committee. Richard Mintz in particular has significant experience in this area, having completed the company director's course provided by the Australian Institute of Company Directors. Part of this course entails training in relation to compliance and risk management. In addition he has Chaired a Board of a not for profit organization, with revenue in excess of \$10 million per year and assets under management of \$25 million. As part of his role he implemented a risk management framework for the organisation and oversaw the compliance issues. He is also a member of Institute of Chartered Accountants and have received training in this regard through the Institute. The Audit and Risk Committee will have responsibility for ensuring that the employees of the organisations are appropriately trained in the regulatory obligations. The requirements of the training will be determined by the Committee, who will be responsible for the provision of training.

We can confirm all risk and compliance policies and procedures have been reviewed and are applicable for the operation of our gas licence with all supporting registers updated.

2.9.2 COMPLAINT AND DISPUTE RESOLUTION PROCEDURES

Savant Energy Power Networks Pty Limited has implemented a Complaints Handling Policy consistent with ISO1002 standard for the handling of customer complaints. The policy recognises the complaints definition under the AER Guideline.

All complaints are taken seriously, handled swiftly and with sensitivity. All details relating to customer complaints are documented, recorded in the Complaints Register and reported to meet the AER reporting requirements.

Please refer to *Appendix F: Savant Energy Power Networks Pty Ltd Complaints and Dispute Resolution Policy* and *Appendix G: SEPN Customer Enquiry, Complaints and Dispute Resolution Procedures*.

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2.9.3 PRIVACY

Savant Energy Power Networks Pty Limited recognises the importance of proper handling of customer information in all interactions by voice, written, electronic and web based. Savant has developed a Privacy Policy that is available on its website.

Please refer to *Appendix H: Savant Energy Power Networks Pty Ltd Privacy Policy*.

2.10 RISK MANAGEMENT STRATEGY

Savant Energy Power Networks Pty Limited has implemented a risk management framework consistent with ISO 31000:2009 and AS4360:2004. The key risks associated with operating a gas retail business have been identified and the Board has endorsed a detailed Energy Risk Management Policy. The Board has ultimate responsibility for energy risk management with primary oversight provided by the Risk Management Committee and management processes and responsibilities delegated to executive management and staff. This Policy is subject to regular review and external assurance.

Please refer to *Appendix I: Savant Energy Power Networks Pty Limited Risk Management Policy*.

2.11 INSURANCE ARRANGEMENTS

Savant Energy Power Networks Pty Limited will hold all insurances necessary to comply with statutory obligations prior to the commencement of operations.

2.13 OTHER ARRANGEMENTS

Savant Energy Power Networks Pty Limited has been granted membership of the Energy and Water Ombudsman SA for electricity and will be granted membership for gas upon approval of our gas license.

2.14 RESOURCE AND SKILL ANALYSIS

We believe that we have the adequate skills and resources to meet our obligations under the retail law and retail rules.

For a full analysis please refer to *Appendix U: Resource and Skill Analysis*.

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3. FINANCIAL RESOURCES

3.1 AUDITED FINANCIAL REPORTS FOR THE PAST 3 YEARS

As Savant Energy Power Networks Pty Limited is a newly incorporated there are limited financial statements.

We attached as Appendix S a copy of a letter from an Independent Accountant stating that SEPN is a going concern and that they are unaware of any factor that would impede our ability to finance our energy retailer activities.

3.2 CREDIT RATING

Savant Energy Power Networks Pty Limited does not have a credit rating.

3.3 GROUP STRUCTURE

3.3.1 OWNERSHIP STRUCTURE

The shareholding for Savant Energy Power Networks Pty Limited is attached in *Appendix B. Shareholding Structure*.

3.3.2 FUNDING

We believe that we have adequate financial capability to fund our operations.

3.4 FORECAST REVENUE AND EXPENSES

Please refer to *Appendix J: Financial Model*

3.5 DIRECTOR DECLARATION

Please refer to *Appendix K: Director Declaration re Solvency*.

3.6 ADDITIONAL INFORMATION

3.6.1 DETAILS OF INCORPORATION

A copy of Savant Energy Power Networks Pty Limited Certificate of Incorporation is provided in *Appendix A*, and a copy of Savant Energy Power Networks Pty Limited Constitution is provided at *Appendix L: Constitution*.

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3.6.2 BUSINESS PLAN

Savant Energy Power Networks Pty Limited has a detailed business plan and financial model. A summary of the financial model and business plan is contained in *Appendix M: Business Plan*.

4. SUITABILITY

4.1 OFFICER DECLARATION

Please refer to *Appendix K: Director Declaration re Solvency*.

4.2 MATERIAL FAILURES, LEGAL ACTIONS, REVOCATION OF AUTHORITIES

Savant Energy Power Networks Pty Limited confirms that none of its directors, nor any other person that exerts control over its business activities have been the subject of any offences or successful prosecutions under any territory, state, Commonwealth or foreign legislation that are relevant to AER's capacity as an energy retailer.

Savant Energy Power Networks Pty Limited confirms that neither it, its associates or any other businesses where its officer have held positions nor any other entity that exerts controls over its business activities has been the subject of:

- Any material failure to comply with regulatory requirements, laws or other obligations over the previous 10 years, including all circumstances that resulted in an infringement notice or other enforcement action (including undertakings) being taken by a regulatory body;
- Any previous revoked authorisations, authorities or licences held in any industry;
- Any failed authorization, authority or licence applications in any industry; or
- Any past or present administrative or legal actions in relation to an authorization, authority or licence in any industry.

Please refer to *Appendix N: Directors and Officers Declaration*.

4.3 CRIMINAL HISTORY CHECK

Criminal history checks for Directors and Officers of Savant Energy Power Networks Pty Limited will be provided on request where necessary.

4.4 DISQUALIFIED DECLARATION

No Directors or officers of Savant Energy Power Networks Pty Limited have been disqualified from the management of corporations.

Please refer to *Appendix O: Director and Officer Declarations re Disqualification*.

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4.5 DIRECTORS DETAILS

Please refer to *Appendix P: Details of Directors* for name and residential addresses.

4.6 SUITABILITY POLICY

Savant Energy Power Networks Pty Limited is committed to building a business that operates ethically and is the subject of robust governance frameworks and processes. Savant Energy Power Networks Pty Limited seeks to achieve these outcomes by:

- Standard employment agreement deals with probity expectations and requirements including confidentiality, compliance with laws and regulations and code of conduct;
- Completing Good Fame and Character screening for all Board and executive positions, including criminal history and bankruptcy checks for all jurisdictions they have resided in during the past 10 years and extensive reference checks;
- Implementing the Savant Energy Power Networks Pty Limited requiring commitment from Board of Directors and regular negative and positive assurance from directors, senior executives and other key managers in relation to probity matters;
- Promoting ethical conduct through the adoption of the Savant Energy Power Networks Pty Limited Code of Conduct & Ethics and including ethics topics as a mandatory part of the training program;
- Accurate and meaningful minute-taking for all Board and sub-committee meetings;
- Conducting regular reviews of executive and Board activities and decisions; and
- Providing access to qualified legal providers for advice.

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5. APPENDICES

Commercial in Confidence

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Appendix U	:	Resource and Skill Analysis

Savant Energy Power Networks Pty Limited

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