

**SmartestEnergy Australia PTY LTD**

**APPLICATION FOR A ELECTRICITY RETAILER  
AUTHORISATION UNDER THE NATIONAL ENERGY  
RETAIL LAW**

**Introduction**

The applicant is SmartestEnergy Australia Pty Ltd ACN 632 313 029 of Level 16, 44 Market Street, Sydney, NSW (“Company” or “Smartest”). SmartestEnergy is a company registered under the Corporations Act 2001 and was registered in Australia on 30<sup>th</sup> July 2019. The Company is a fully controlled subsidiary of the Marubeni Corporation.

The Company's Certificate of Registration and Constitution are **Attachment 1 and 2**.

**General particulars**

Legal name:	SmartestEnergy Australia Pty Ltd
ACN:	632 313 029
Registered business address:	Level 16, 44 Market Street, Sydney,
NSW Address for correspondence:	Level 16, 44 Market Street, Sydney,
NSW Contact person:	
Name:	Robert Owens
Position:	CEO, SmartestEnergy Australia Pty Ltd
Email:	<a href="mailto:Robert-Owens@smartestenergy.com">Robert-Owens@smartestenergy.com</a>
Form of energy:	SmartestEnergy is seeking a retailer authorisation for Electricity.
Timing:	SmartestEnergy intends to commence retailing electricity in the jurisdictions mentioned below in January 2021.
Jurisdictions:	NSW/QLD initially
Type of customers:	SME/C&I

**The nature and scope of operations:**

SmartestEnergy Australia seeks an electricity retail licence.

SmartestEnergy Australia has been established with the sole purpose of selling retail electricity. It plans to sell electricity to select small to medium size businesses as well as into the commercial and industrial space. It seeks a licence to sell electricity as from 1 January 2020 or from the date when it has fulfilled all applicable regulatory obligations to conduct a retail electricity business whichever is the earlier.

SmartestEnergy has not made any previous unsuccessful licence applications in Australia or any other jurisdictions. SmartestEnergy and its associate entities do not hold and have not held any retail electricity licences in Australia or elsewhere. SmartestEnergy is not seeking any non-standard licence conditions.

SmartestEnergy is not conducting any activities either within or external to the electricity industry.

SmartestEnergy's participation in the electricity industry is to market retail electricity principally to small to medium size businesses (chiefly below 160MWh consumption per annum) and secondly to C&I businesses.

## **Organisational and technical capacity**

### **Energy retail experience**

Established in 2001, SmartestEnergy (UK) Limited, SmartestEnergy Australia's immediate parent, is a wholly owned subsidiary of the Marubeni Corporation of Japan. SmartestEnergy (UK) operates in the SME and C&I spaces in the UK as well as providing services to renewable generators.

SmartestEnergy's (UK) provides a range of different services to its retail customers, including independently verified renewable source contracts and a range of options to allow the customers the most cost-effective procurement of their energy needs. SmartestEnergy's (UK) contracts and products have developed over a number of years to allow customers access to market leading tools for the effective and efficient procurement of energy.

SmartestEnergy (UK) prides itself on its industry leading levels of customer service and makes every effort to put the customer first in its operations.

SmartestEnergy Australia is a newly incorporated entity, which was set up for the sole purpose of obtaining a retail electricity licence in Australia and providing similar competitive and innovative arrangements to consumers in Australia.

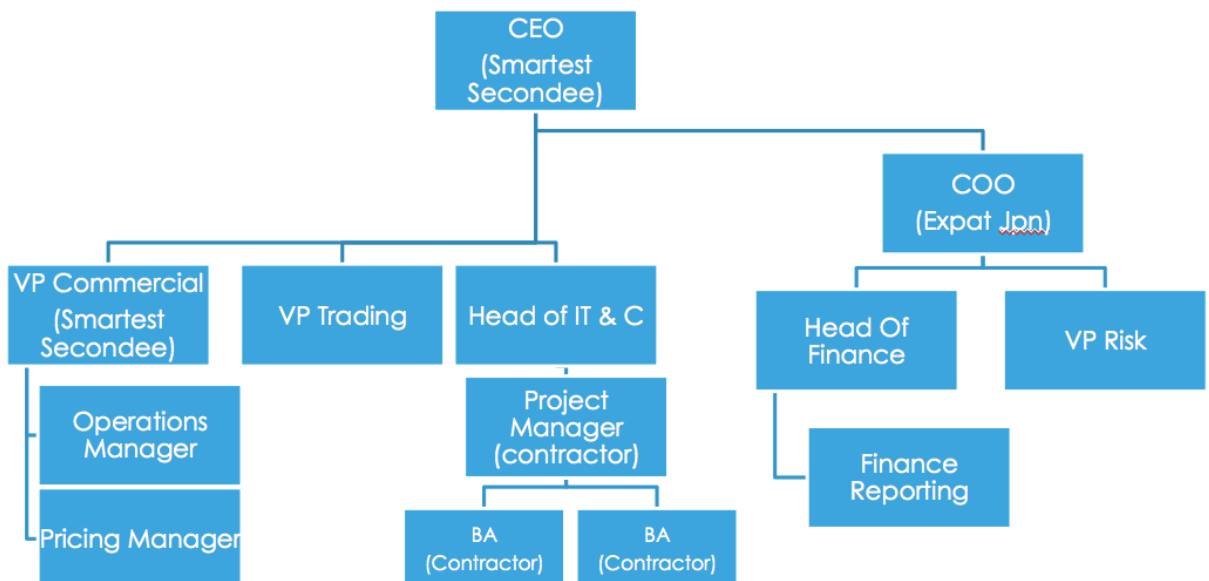
### **Structure and key personnel**

SmartestEnergy's corporate structure is attached as **Attachment 3** (including details of its parent company Marubeni Corporation) as well as a high-level note outlining SmartestEnergy's UK business with its organizational structure provided also. SmartestEnergy is not the trustee or a beneficiary of a trust.

A chart showing SmartestEnergy's organisational structure (as well as high level number of management employees) is also attached as **Attachment 4** as well as being shown below.

13 people

### **SmartestEnergy Australia Org Chart – end of Year 1 (March 2020)**



## **Summary of Experience of Key Personnel**

SmartestEnergy Pty Ltd has engaged a very strong and highly qualified management team comprising people who have broad experience in both the UK and Australian retail electricity industry.

The CV's for both Daniel Smith and Robert Owens as well as the Management and key personnel's experience is set out below and in our Business Plan. These attachments have been provided as **Attachment 8**.

### **Primary Officers**

#### **Robert Owens – Chief Executive Officer**

Having occupied numerous commercial roles at SmartestEnergy (UK) since he joined as a founding member in 2001, Rob Owens has held a number of commercial Vice President level positions. Rob was instrumental in the establishment of SmartestEnergy's (UK) business focused on new technology and asset flexibility, designed to support the transition to a renewable low-carbon future energy system. Rob obtained his MBA from the University of Hertfordshire in 2011. Recently Rob has been leading SmartestEnergy's (UK) expansion efforts into the APAC region, and he will be relocating to Australia to take charge of SmartestEnergy Australia's entry into the Australian market.

#### **Daniel Smith – Vice President Commercial**

Daniel has worked in the UK energy industry for 14 years, joining SmartestEnergy (UK) in 2008 as one of the first members in the newly established CI& Retail business. Daniel had a variety of responsibilities across sales, commercial and product development. In his time at SmartestEnergy (UK) he was instrumental in the growth of the C&I business, its strategy and development of innovative products.

More recently Daniel is Vice President C&I Retail with responsibility for the financial and operational delivery of that group. In that time, Daniel started a new route to market business supporting new retailer entrants in the UK market.

As outlined in SmartestEnergy's business plan, SmartestEnergy (UK) has:

- Provisioned to send 2 of its most senior executives to Australia to manage its operation;
- Obtained specific industry advice from key specialists third parties (mentioned later in this document);
- Set up ongoing relationships with energy specialist third parties to guide it while setting up its internal structure;
- Tapped into local networks to begin recruitment of senior energy experienced personnel; and
- Started the process of recruitment to fill out its desired organisational structure.

#### **Paul Armistead – Vice President Risk**

A specialist in Risk management, Paul has recently joined the SmartestEnergy team. Paul was the national leader of the KPMG FRM energy markets team, providing energy risk services to most of Australia's largest energy and commodity companies. Paul is a

driven leader who enjoys engaging with people to develop solutions and deliver successful projects. Paul has regularly presented to Boards, Risk Committees and Senior Executives on complex business problems and issues.

Paul has led the establishment, implementation and operationalisation of policies, standards and systems across several clients. Risk consulting services include market, credit and operational risk projects, risk framework design and assessments, large-scale business transformation projects, regulatory compliance and strategy development and implementation. Paul's provides leadership and oversight of the risk function within SmartestEnergy, ensuring that the company's risk policies, standards, and procedures are fit for purpose and compliant with industry standards, license obligations (Retail License, and Australian Financial Services License) and wider SmartestEnergy Group obligations and requirements.

### **Elizabeth Tucker – Head of Finance**

Elizabeth Tucker has also recently joined the SmartestEnergy team. Elizabeth has an extensive background in finance management having joined SmartestEnergy after spending 4 years with EY as a Senior Manager – Financial Accounting Advisory services and as a divisional finance leader specialising in providing the following services:

- Budget and Forecasting
- Management Reporting
- Financial Reporting
- Accounting standard and policy change process assessment and implementation
- Internal controls, procedures and policies
- Supporting start-ups and high growth businesses develop their finance function

Elizabeth has previously been employed in a Head of Finance capacity for Jones Day between 2013 and 2015.

As Head of Finance at SmartestEnergy Australia, Elizabeth is a member of the senior leadership team and sits on the Company's Executive Committee. The primary aspect of Elizabeth's role is the leadership and oversight of the financial function within the organisation. Elizabeth has a Master's Degree in Accounting from the Institute of Chartered Accountants in England and Wales.

### **Key Third Parties Bringing in key experience**

#### **Billing CRM**

SmartestEnergy is currently negotiating a billing services and support agreement with a number of energy system providers. An RFP is underway in which experienced providers are providing relevant information that defines their system functionality and processes required to support a retail electricity business specific to the NEM. Discussions between SmartestEnergy and the providers are well advanced.

The energy management system provider will provide a suite of software applications for customer contract management, billing, customer records management, sales and marketing, customer transfer management, MSATs and B2B gateways, meter data management, AEMO settlements, distributor settlements and the like.

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An implementation schedule is being negotiated with the providers. Implementation dates will be agreed by the date the retail licence application is submitted.

**Capability documents from an energy management system provider is included as Attachment 13**

**Retail Advisory**

SmartestEnergy has engaged the following specialist energy consultancies to assist with its entry into the Australian energy market and fill any technical gaps where required. These consultancies are also assisting with the procurement of any relevant resourcing and the tender processes of any key support or technology that SmartestEnergy will require to retail effectively in the market (i.e. Billing or trading software). To this end the following firms have been engaged:

- Energy Global – To assist with the procurement of a suitable billing engine
- Certainty Compliance – To manage SmartestEnergy’s AFSL process and procure an relevant RM
- Baringa – To provide market intelligence and insight, and to manage the assessment of the Energy Trading and Risk Management System that SmartestEnergy will implement
- Sonne Energy Australia – Assist with licence documentation and on boarding of key systems (such as Austraclear, AEMO, networks etc)

**Agreements and Capability statements have been provided as Attachment 15 as evidence of Third parties technical capacity.** Wherever SmartestEnergy engages key third parties it has contractual obligations in place to ensure Third parties are compliant with retail obligations relevant to the area of their expertise.

**Business Plan**

A Business Plan has been created and attached as **Attachment 8** to support this application. This covers the initial five years of operation and provides the grounds for SmartestEnergy's claim that it has sufficient financial resources and/or access to such resources to sustain its operations.

**Compliance Strategy**

SmartestEnergy is committed to promoting a culture of compliance throughout its organisation. A compliance policy has been created in accordance with AS/ISO 19600:2015 and is included with this Application as **Attachment 9**. A sound culture of compliance is at the heart of everything that SmartestEnergy does and the Compliance Policy defines this culture ensures that SmartestEnergy will be compliant with all applicable legislation, regulations, licence conditions, codes, guidelines, rules and standards.

The Compliance Policy is a framework and statement of SmartestEnergy’s compliance philosophy, which is not intended to exist in isolation. It will be supported by the Company’s operational policies, compliance-monitoring tools, reporting tools, programs and processes.

SmartestEnergy’s Compliance Policy has the active support of all levels of management.

The basic roles of the Compliance Committee include legal risk management, and legal and regulatory compliance. The two areas overlap and cannot be viewed separately.

Regular reinforcement of the processes mandated in the process manual is necessary to mitigate against compliance breaches in contractual arrangements.

### **Training**

To ensure a culture of compliance and personal development and learning, SmartestEnergy is committed to ensuring all employees, contractors and partners receive appropriate training to enable them to be effective in the performance of their duties and compliant with all regulatory and legislative obligations. To this end SmartestEnergy is developing a best in practice training program designed to build critical knowledge, allow for the testing and recording of critical knowledge and to record training activities across the organisation. At the end of the training, our personnel are expected to have the general knowledge about the industry and specific knowledge of their work functions.

### **Risk Management**

SmartestEnergy recognises that the most thorough risk management system will not completely eliminate the risk of compliance breaches occurring. Nevertheless, SmartestEnergy has prepared and adopted a Risk Assessment covering what it sees as the major compliance areas in the retail electricity market. The assessment provides details of the control mechanisms in place to ensure that staff and sales agents act in accordance with relevant legislation, Codes, Guidelines and Retail Licence conditions. These mechanisms include reporting, monitoring, supervision, training, service agreements, operational procedures and business systems

Compliance systems require regular testing and review. The need for continuous improvement is acknowledged in all internal compliance instruments.

A draft Risk Management policy is attached and marked as **Attachment 10**.

### **Dispute Resolution**

SmartestEnergy is finalising its Dispute Resolution Process. Its policy is attached as **Attachment 11**. It demonstrates SmartestEnergy's commitment to full legal and regulatory compliance in the area of complaints handling. SmartestEnergy commits that it will be fully operational before SmartestEnergy's entry into the Australian retail market.

### **External Audit**

An audit of SmartestEnergy's Compliance, Risk and Dispute resolution policies has been conducted and a letter has been provided as evidence of this as **Attachment 12**.

### **Key industry contacts**

SmartestEnergy is currently finalising documentation required for an application to AEMO for registration as a Market Participant. The processing and subsequent approval of the registration application cannot be completed until AEMO has evidence of the granting of the retail licence.

SmartestEnergy is familiar with to the rules and conditions governing market participation including settlement and reconciliation of electricity purchases and network service charges, prudential requirements, processes and interfaces. Evidence of initial contact being made to AEMO can be found as **Attachment 14**.

SmartestEnergy is familiar with the default Use of System Agreements offered by the distribution companies. As previously mentioned contact has been made with each distribution business. The UoS Agreements will be executed once the retail licence is granted. Please see as evidence of initial contact being made as **Attachment 7**.

SmartestEnergy will enter into an agreement with the relevant Ombudsman and will apply for membership with as soon as the retail licence is issued and before marketing operations commence. Contact has already been made with a relevant Ombudsman and evidence can be found as **Attachment 14**.

### **Financial Capacity**

SmartestEnergy can confirm that it is in a position to meet and address the financial viability requirement of a licence electricity retailer in the Australian market. SmartestEnergy is not aware of any factor, which would affect the ability of SmartestEnergy to securely finance and fund the activities to be performed under the licence.

The following documents and information provide the evidence and support for SmartestEnergy's business plan that it has sufficient financial resources or access to such resources to sustain a viable business in the electricity industry.

- Current balance sheet and profit and loss (Including those required from its parent company and any additional parent company information relevant to the funding of Smartest Energy Australia) - attached as **Attachment 5**;
- Marubeni Report and accounts as **Attachment 5**;
- Smartest Energy capital funding structure outline and relevant Board minutes as **Attachment 5**;
- Shareholder Register - attached as **Attachment 6**;
- Certificate of Registration - attached as **Attachment 1**; and
- Breakeven analysis and cash flow projections - attached as **Attachment 5**.

### **SmartestEnergy has provided the following key declarations:**

- **Financial Stability** – From its Chief Executive Officer confirming that SmartestEnergy is a going concern and that we are unaware of any factor that would impede SmartestEnergy's ability to finance its energy retailer activities under the retailer authorisation for the next 12 months.
- **Independent Auditor** - An additional declaration has also been provided from an independent auditor stating that:
  - An insolvency official has not been appointed in respect of the business or any property of the 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 business.
  - They are unaware of any other factor that would impede SmartestEnergy's



ability to finance its energy retail activities under the authorisation.

The above declarations can be found as **Attachment 16**.

### **Suitability**

**SmartestEnergy has provided the following key declarations:**

**Material Failure** – Confirming that none of SmartestEnergy’s associates, any other business where SmartestEnergy’s officers have held an officer position and any other entity that exerts control over its business activities have had any instance of:

- any material failure<sup>1</sup> 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.
- any previously revoked authorisations, authorities or licences held in any industry and the reason/s for the revocation.
- any failed authorisation, authority or licence applications in any industry and the reason/s the application was unsuccessful.
- any past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry.
- 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.

**Staff Offence** – Confirming that SmartestEnergy’s key officers and management staff have no offences or prosecutions under any territory, commonwealth or foreign legislation including but not limited to, the Corporations Act 2001 (Cth) and Australian Securities and Investments Commission Act 2001 (Cth) that are relevant to SmartestEnergy’s capacity as a holder of a retailer Authorisation.

**Staff Management** – Containing the addresses of key staff and officers.

The above declarations can be found as **Attachment 16**.

## **Attachments – Commercial in Confidence**

Attachment 1 – Company registration

Attachment 2 – Company constitution

Attachment 3 – Corporate Structure and SmartestEnergy UK business high-level note

Attachment 4 – Organisational Structure

Attachment 5 – Balance sheet/Profit and Loss/Cash flow projection/Financial independent declaration/SmartestEnergy Capital Funding structure/Relevant Board minutes

Attachment 6 –Shareholder Register

Attachment 7 – Network Contact

Attachment 8 – Business Plan and key UK secondees' CV's

Attachment 9 – Compliance Policy

Attachment 10 – Risk Policy

Attachment 11 – Dispute Resolution

Attachment 12 – Compliance and Risk audit letter

Attachment 13 – Capability statements – Billing provider

Attachment 14 – Ombudsman contact evidence

Attachment 15 – Third Party Capability statements and agreements

Attachment 16 – Key Declarations

## **Attachments Public**

Licence Application

Marubeni Integrated Report 2019