



ENERGY RETAIL AUTHORISATION

SPARK ENERGY AUSTRALIA

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INTRODUCTION

This application by Spark Energy Australia (ACN 631 057 068) is for a retailer authorisation for the purpose of retailing electricity in New South Wales.

This application contains all information required for consideration in assessing an AER retail authorisation, as well as the Energy Retail Law and Rules and any other relevant obligations such as Australian Consumer Law, Competition and Consumer Act and Privacy Act. This information includes

- The general particulars about Spark Energy Australia
- Statements and supporting documentation addressing the entry criteria (organisational and technical capacity, financial capacity and suitability criteria), and
- Appendix of attachments referred to throughout this document.

The granting of an electricity retail authorisation to Spark Energy Australia is consistent with the long-term objectives of the Energy Law to “promote efficient investment in and efficient operation and use of energy services for the long-term interests of energy consumers with respect to price, quality, safety, reliability and security of supply of energy.”

Any documents that are marked as ‘Commercial in Confidence’ are not part of the public component of this authorisation application.

GENERAL PARTICULARS

Legal Name: Spark Energy Australia PTY LTD (see attachment 1)

ACN: 631 057 068 (see attachment 1)

Business Address: 199-201 Fitzroy Street
St Kilda, Vic, 3182

Postal Address: As above

Contact person: Name: Matthew Jury
Position: Consultant
Email: info@sparkenergyaustralia.com.au

Form of energy: Electricity

Commencement date: September 1st, 2019

Scope: NSW

Customer type: Residential/SME

ENTRY CRITERIA

ORGANISATIONAL AND TECHNICAL CAPACITY

Energy Market Experience

1. Experience as energy retailer.

Spark Energy Australia is a newly established company and therefore has not operated as an energy retailer.

The information held within this retail authorisation outlines the resources available to Spark Energy Australia and shows its capacity to meet all obligations under Retail Law and Retail Rules.

This application will show that Spark Energy Australia will draw from the experience of individuals and organisations with significant retail and energy experience. The compliance policy, risk management strategy, complaint and dispute resolution documentation referred within this application shows that Spark Energy Australia has a solid understanding of its requirements to its customers and to AER.

A summary of the skills and experience that these individuals bring to Spark Energy Australia as well as an organisational chart can be found in the business plan as **attachment 2**.

Attachment 2 contains the relevant experience of key personnel (including Summary of qualifications, skills and experience of officers. Relevance of those skills and experience in meeting the retailer authorisation)

In addition to the above information outlined in the business plan Spark Energy Australia will carry out recruitment processes to bring in specialists on an 'as needs' basis when required. The manager recruiting will have responsibility to ensure that any candidate chosen for a position will have the relevant education and experience required for the role.

2. Details of other relevant retail or energy market experience

As a new entity Spark does not have previous retail or energy market experience. To fill this gap Spark has assembled an executive team (experience outlined in 6. Summary of qualifications) with appropriate and relevant experience and will also rely on third parties (outlined below in 3. Bring experience into the business) as needed.

3. Where you do not have previous energy market experience, how you intend to bring this experience into your business.

External consultants have and will be engaged to provide services for the following functions

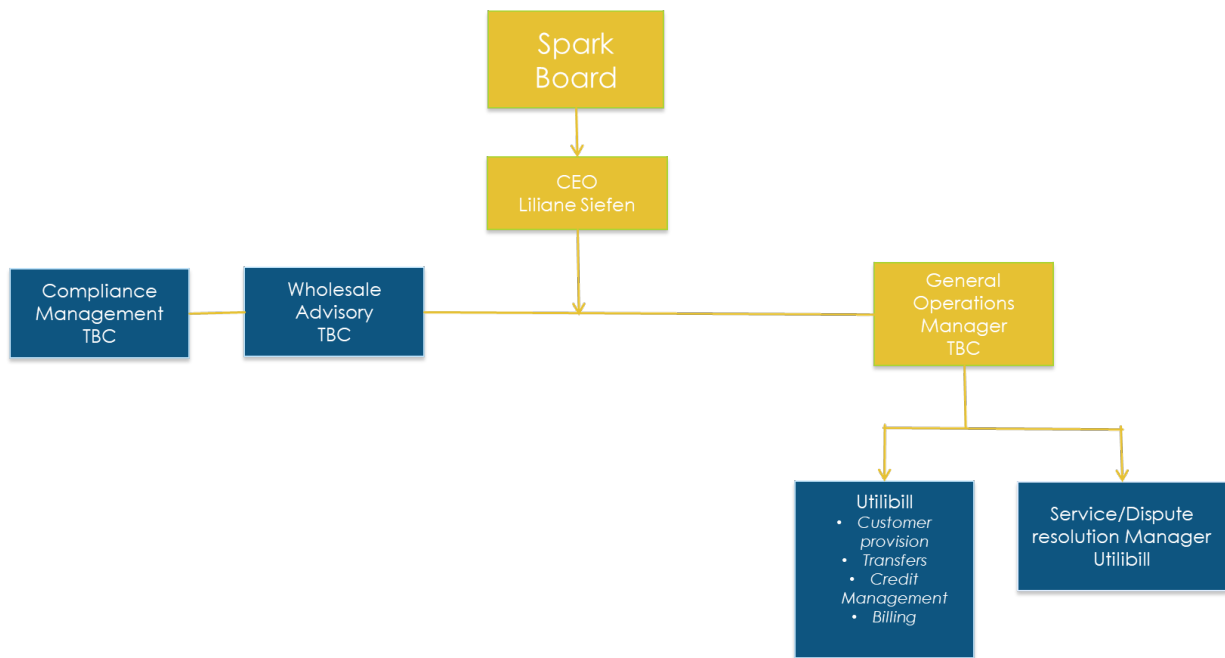
- On-going risk management
- Wholesale trading and advisory functions
- Regulatory and compliance functions
- Billing and managed services functions

Front line staff and resources will be provided by Utilibill (Third party) as a part of their managed service-billing offering. **Attachment 3** outlines the agreement between Spark Energy and Utilibill. Additional Attachment 3 on third parties outlines further experience that Utilibill and other parties bring to Spark Energy Australia.

Utilibill will provide Spark Energy Australia with

- Experience and knowledge in retail energy operations to residential customers
- The technical capacity to guide Spark Energy Australia in its energy retail operations
- The capability and assurance of meeting Retail Law and Retail Rules

4. Organisation structure



5. Employee breakdown

Position	Count
Executive	2
Operations	1
Customer services	1

6. Key individual

Chief Executive Officer – Liliane Siefen

With over 30 years accounting and operation experience, beginning her career at AGC's Como Project, Liliane then moved to Knight Frank Commercial Real Estate for 8 years in total, separated by 2 years whilst in the Kingdom of Saudi Arabia in the late 1990s where she was privileged to work with His Excellency Mohamed Amr, Foreign Minister of Egypt from 2011 to 2013 and Dr Praja Trivedi formerly from the World Bank in Saudi Arabia and presently working as Senior Fellow & Adjunct Professor of Public Policy, at the Indian School of Business.

Liliane Joined Business Service Brokers, a utility brokerage business, as the Financial Controller in 2002 and was promoted to Chief Operating Officer in 2005. Liliane has her CPA and has had extensive experience in the utilities sector. She brings a wealth of operational knowledge and leadership to this new venture.

7. Third parties

Spark Energy will rely on third parties to provide resources to ensure that technical requirements are met. Spark is currently in discussion with potential parties, some of which are listed below.

- Utilibill CIS – An energy retail specialist billing and meter to cash service provider
- Sonne Energy Australia – An experienced energy retail advisory firm

Agreements between Spark Energy and all third parties will be executed before Spark goes live as an energy retailer and upon receipt of the retail licence. For information about key third parties see **attachment 2 Business Plan** and **attachment 3 Third Parties**.

8. Business plans

Attachment 2 contains Spark Energy Australia's business plan. Along with **attachment 4** (forecasting model) the business plan shows Spark Energy Australia's

- Business background
- Target market

- Key people (including number of expected employees in the financial model)
- Growth forecast and staffing
- Risk management (identifying and mitigating)
- Billing
- Market assumptions
- Forecast results

The business plan shows that Spark Energy Australia has a key focus on providing energy to residential clients (with a minimal level of SME customers) in NSW.

9. Compliance strategy

Spark Energy Australia has outlined a detailed Compliance Management Framework and system which references the Australian standard of compliance programs (AS 3806-2006). The executive team, working in conjunction with key external third-party compliance specialists will manage the day-to-day systems and operations in line with regulatory requirements.

For full details see **attachment 5** compliance strategy. The compliance strategy includes

- Principles and objectives
- Responsibilities
- Description of key compliance processes
- Legislation, policies, standards and procedures that apply
- Breach policy and supporting documentation

Other components of our compliance strategy include

- our complaint and dispute resolution procedures (**attachment 6**)

10. Risk management strategy

Spark Energy Australia has defined its risk management strategies in **attachment 7**. This shows that risk management processes flow across all activities in the organisation and is in alignment with the requirements of AS/NZS ISO 31000:2009.

All compliance and risk management strategies are focussed on ensuring the long-term interest of our energy customers.

11. Evidence of risk and compliance strategy audit

An external audit of this Risk Management Strategy and Compliance Strategy has been completed as evidenced in **attachment 8**.

12. Additional evidence

Spark provides additional evidence that it can manage risk and operate in accordance with the Retail Law objective, particularly the long term interests of consumers. Such evidence is included under **attachment 16** and comprise of

- Spark SRC
- Product and disclosure statement
- Rebates and concessions
- Bankruptcy policy
- Deceased policy
- Hardship policy and payment plans
- ID verification policy
- Life support policy

13. Ombudsman membership

An email seeking information on EWON membership was sent earlier this year (2019). Steps to complete membership will be completed prior to beginning retail operations

14. Evidence of agreements

Spark Energy Australia is aware of the need to establish relationships to ensure that electricity is effectively delivered to its customers. These relationships will include

- AEMO (market participant registration, credit support and settlement procedures)
- Distribution networks (use of system agreements)
- Wholesaler (arrangement of over the counter wholesaler products. This will also include credit support or reallocation products according to AEMO prudential requirements)

The aforementioned relationships will be established upon granting of a retail licence. Evidence of initial contacts made to some of these parties can be found as **attachment 9** (Ausgrid email, EWON email) and **Attachment 9** Ausgrid response

15. Additional information

Spark Energy has no further evidence to produce at this stage but will produce information if requested by the regulator.

FINANCIAL CAPACITY

Current financial position

Spark Energy Australia is a start-up energy retailer and as such does not have interim financial statement or any audited financial reports.

1. Evidence of long and/or short-term credit ratings (if available)

Spark Energy Australia does not have a credit rating as it is a brand-new entity.

2. Details and evidence of current financial position (for start-up businesses)

Spark Energy Australia has the following evidence of financial capacity shown as **attachment 10**. As evidence of ability to access additional financial capital please view **attachment 10 – Additional financial capital**.

3. If part of a group of related companies

Spark Energy Australia is not part of a group of related companies

4. Written declaration from CFO, CEO or directors that they are unaware of anything impeding the ability to finance the energy retailer activities for the next 12 months.

Spark Energy Australia does not have any impediments to its ability to finance its energy retailer activities for the next 12 months as evidenced by the following attachments

- CEO statement (**attachment 11**)

5. Written declaration from an independent auditor or principle financial institution stating that

Spark Energy Australia has not been appointed an insolvency official. There is no application, order, or resolution passed to wind up or dissolve Spark Energy Australia. An independent review has shown that they are unaware of any factors that would impede Spark Energy Australia's ability to finance energy retail activities. As shown in the following attachments

- Declaration from principle financial institution (**attachment 12**)

6. Details of bank guarantees or arrangements or processes to access additional capital

Spark Energy Australia has the ability to arrange additional capital if the need arises. Details provided upon request.

Capacity to meet proposed business activities

7. Forecast revenue and expenses to the point where the business is cash-flow positive. Must be consistent with business plan and highlight key assumptions and risks

As mentioned previously, Spark Energy Australia, has provided a financial model/forecast which indicates the number of employees and point of cash-flow positivity (**attachment 4**). Key assumptions and risks are highlighted. This has also been referenced in Spark Energy Australia's business plan (**attachment 2**).

SUITABILITY CRITERIA

1. Neither Spark Energy Australia or any of its associates or other businesses where its officers have held an officer position and any other entity that exerts control over its business activities have committed or caused 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.

Nor have there been any previously revoked authorisations, authorities or licences held in any industry, or any failed authorisation, authority or licence applications in any industry. There are no present administrative or legal actions in relation to an authorisation, authority or licence in any industry.

See **attachment 13** and **attachment 14** for signed statements to this effect.

2. Upon request all key individuals and staffs at Spark Energy Australia will submit to a criminal history check
3. The full names and current residential addresses of all key staff of Spark Energy Australia can be found in the business plan **Attachment 2**.

The policies and procedures of Spark Energy Australia that demonstrate probity and competence of officers have been listed previously (compliance framework, risk management frame work, business plan). Others include

- HR policies (**Attachment 15 Privacy Policy** and others in development including code of ethics, diversity and recruitment etc)
- Advisory Board management and key committee policies
- Customer charter
- Training documentation

All members of staff, contractors and other appropriate third parties representing Spark Energy Australia will be expected to undertake all required training to meet the regulatory obligations of the organisation, as well as maintain a positive work culture. Regular reviews will be conducted under Advisory Board direction to ensure all policies are relevant and utilised as a part of everyday operations.

APPENDIX

ATTACHMENTS

Attachment 1 – Business registration

Commercial in confidence

Attachment 2 – Business plan

Attachment 3 – Third party agreement

Attachment 3 – Third parties

Attachment 4 – Forecasting model

Attachment 5 – Compliance strategy

Attachment 6 – Complaint and dispute resolution

Attachment 7 – Risk management strategy

Attachment 8 – Risk and compliance strategy audit

Attachment 9 – EWON email

Attachment 9 – Ausgrid email

Attachment 9 – Ausgrid response

Attachment 10 – Financial details

Attachment 10 – Additional financial capital

Attachment 11 – CEO statement 1

Attachment 12 – Financial institute statement

Attachment 13 – Signed statement 1

Attachment 14 – Signed statement 2

Attachment 15 – Privacy Policy

Attachment 16 - Product and disclosure statement, rebates and concessions, bankruptcy policy, deceased policy, payment plans, ID verification policy, life support policy