



Application for a Gas Retailer Authorisation

Tas Gas Retail Pty Ltd

Date: 6 March 2019

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Introduction

This is an application by Tas Gas Retail Pty Ltd (ABN 90 110 370 726) (TGR) for a gas retailer authorisation in the jurisdictions in which the National Energy Customer Framework (NECF) applies.

An authorised gas retailer in Tasmania and Victoria, TGR is looking to expand the scope of its operations to provide gas retail services to niche energy precincts owned and operated by related entity Enwave Australia Pty Ltd (Enwave) in jurisdictions in which the NECF applies. TGR is part of the Enwave Australia group of companies.

The first precinct, where TGR is seeking to retail natural gas, is the Tonsley Innovation District near Adelaide (Tonsley). The embedded natural gas distribution network, together with embedded electricity and recycled water networks, is owned and operated by an Enwave Australia group subsidiary Enwave Tonsley Pty Ltd (ACN 623 288 175).

Part 1 General Information

The Applicant

Legal Name:	Tas Gas Retail Pty Ltd
Trading Name:	Tas Gas Retail (formerly Option One)
ABN:	90 110 370 726
ACN:	110 370 726
Registered:	6 December 2004
Registered Address:	Level 22, 135 King Street, Sydney, NSW, 2000
Office Address:	5 Kiln Court, St Leonards, TAS, 7250
Postal Address:	PO Box 858, Launceston, TAS, 7250

Nominated Contact

Name:	Kate Daley
Position:	GM Tas Gas Retail
Postal Address:	As above
Email:	Kate.Daley@tasgas.com.au
Mobile:	0408 329 394

Retail particulars

Commencement Date:	May 2019
Form of Energy:	Natural Gas
Jurisdiction:	All States in which the National Energy Customer Framework applies
Type of customers:	Residential and Commercial

Nature and Scope of Operations

TGR proposes to retail natural gas to residential and commercial customers on embedded gas networks owned and operated by Enwave or any subsidiary company.

Initially TGR proposes to retail natural gas to customers on the Enwave Tonsley natural gas network situated at the Tonsley Innovation District, 1284 South Road, Clovelly Park, South Australia 5042. (Tonsley Gas Network). The Tonsley Gas Network will be an embedded reticulated natural gas network supplying gas predominately to small retail customers within the Tonsley Innovation District. It is expected that, at maturity, there will be approximately 850 customers.

In the future TGR intends to on-sell natural gas to customers on similar embedded networks throughout Australia as the opportunity arises.

Part 2 Organisational and Technical Capacity

Previous experience as an energy retailer

The Enwave Australia group of companies include the following entities that are either authorised, licensed or are an exempt retailer (at present TGR does not have any direct or indirect relationship with related subsidiaries in the provision of retail services, other than sharing policies and procedures from time to time):

Company	Tas Gas Retail Pty Ltd
Date & location of previous operations:	A licensed natural gas retailer in: <ul style="list-style-type: none"> • Tasmania (since 2003) • Victoria (since 2016)
Form of energy sold:	Natural gas
Scale of operations:	Tasmania: <ul style="list-style-type: none"> • Small retail customers – 8,700 • Industrial – 47 Victoria <ul style="list-style-type: none"> • Small retail customers - 480
How retail activities are conducted:	TGR buys gas from the wholesale market to supply its Tasmanian customers. In Victoria, TGR commenced retailing in 2017 to customers located on 10 discrete networks in regional Victoria. The Victorian networks are essentially embedded networks as they are not connected to the Victorian declared transmission network. Instead, gas is purchased through a single retail meter on the transmission network which is compressed and trucked in to supply customers located on the discrete networks. The networks pass 12,500 premises, however, connecting to gas is optional. In Victoria, TGR has approximately 600 small retail customers and continues to connect new customers. TGR manages all retail activities in-house which include customer: on-boarding, billing, account management, off-boarding and

	marketing. TGR utilises the well regarded Gentrack Velocity as its billing system and manages its own compliance obligations. As part of a large well established group of companies, TGR benefits from the utilisation of mature corporate finance, risk, HSE and staff management frameworks and services.
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Company	Enwave Mascot Pty Ltd (ABN 22 100 209 354)
Date & location of previous operations:	Authorised AER retailer since 2010 Operating in NSW and South Australia
Form of energy sold:	Electricity
Scale of operations:	New South Wales <ul style="list-style-type: none"> • Small retail customers - 15 • Large commercial - 3 South Australia <ul style="list-style-type: none"> • Small retail customers -27 • Large commercial customers - 6
How retail activities are conducted:	Customers are connected to a District Energy System (DES) which is also owned and operated by Enwave Mascot in Mascot, NSW. Based in Blue Street, North Sydney, Mascot manages the customer activities from on-boarding to off boarding. Customer billing and account management are managed in-house by the Finance Team. Customers in South Australia are being billed by a 3 rd party provider, WinConnect Pty Ltd (ACN 112 175 710).

Company	Flow Systems Pty Ltd (ABN 28 136 272 298) (Enwave Australia Holdings 55.7% ownership)
Date & location of previous operations:	Authorised AER retailer since 2017 Water retailer since 2012
Form of energy sold:	Electricity and Water
Scale of operations:	New South Wales <ul style="list-style-type: none"> • Small retail customers - 7,000
How retail activities are conducted:	Based in Sydney, Flow has a dedicated customer service team who manage all customer activities from on-boarding, billing, account management and off-boarding. Flow also conducts its own marketing, sales and energy purchasing activities. [NB Flow Systems and a related entity Flow Systems Constructors Pty Ltd (also 55.7% ownership) were put on the market for sale in 2018

	<p>jointly by its owners. Following failure to find a buyer they have been put into voluntary administration].</p> <p>Flow Systems have a wholly owned subsidiary, Meter2Cash Solutions Pty Ltd who is an embedded network manager with AEMO (ABN 51 130 008 196). Meter2Cash is a going concern and is not subject to voluntary administration. The future ownership of Meter2Cash Solutions is yet to be determined and is part of the voluntary administration process.</p> <p>TGR has no direct or indirect relationship with Flow Systems or Meters2Cash Solutions in the provision of its retail activities or finances. TGR is unaffected by this process.</p>
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Company	Enwave Central Park (ABN 78 601 611 330)
Date & location of previous operations:	Exempt retailer in NSW since 2014 Exempt Distributor in NSW since 2017
Form of energy sold:	Electricity
Scale of operations:	New South Wales <ul style="list-style-type: none"> • Small retail customers - 500
How retail activities are conducted:	Residential and commercial customers are connected to its District Energy System (DES) located in Central Park Avenue, Chippendale, NSW. Based in Blue Street, North Sydney, Central Park manages the customer activities from on-boarding to off boarding. Customer billing and account management are managed by the Finance Team.

Organisational Chart

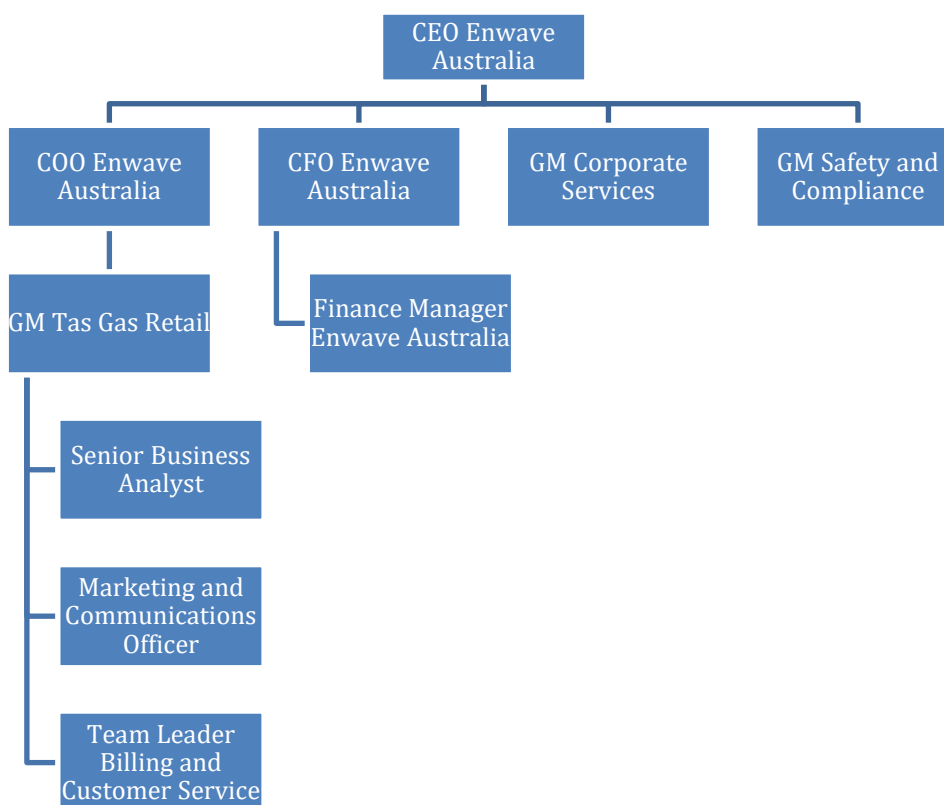
Refer to confidential attachments accompanying this application.

Qualifications, Technical Skills and experience of Enwave officers and key personnel

TGR directly employs 8 staff members (6.8 FTEs) which deliver core retail functions regarding compliance, risk management, customer service, billing, account management, complaint management, hardship management, marketing and gas and transport contract management. TGR is largely self sufficient in the management and delivery of its core retail functions and responsibilities. As TGR's customer service team

is small, staff are multidisciplinary with each staff member trained to handle all aspects of customer service and billing.

TGR receives support services from a number of Enwave Australia teams and senior management staff on an as required basis. The key management and decision making staff which support or influence TGR's operations are outlined in the organisation chart below.



Details of the qualifications, technical skills and experience of the relevant officers and key personnel are set out in the confidential attachments.

Services from related entities

As a wholly owned subsidiary of Enwave Australia, TGR receives assistance with regards to human resources, IT, risk and compliance and finance from related entities. Enwave Australia has a standard set of corporate policies, procedures, IT platforms and frameworks that are adopted by all wholly owned subsidiaries. The services provided by other entities are determined by way of function and position description which articulate that responsibilities extend to subsidiaries within the group. TGR recognises the contribution of related entities via payment of a corporate levy. Culturally, within Enwave Australia and its subsidiaries, staff identify as one organisation which negates the need for any other formal arrangement such as service level agreements or alike.

Business Plan

TGR's business plan is a commercial in confidence attachment.

Compliance Strategy

TGR's compliance management system (CMS) is established in accordance with Australian standard, ISO 19600:2015. The objective of TGR's CMS is to ensure that the company adheres to the requirements of laws, industry and organisational standards and codes, the principles of good governance and accepted community and ethical standards.

TGR has a CMS for each jurisdiction in which it operates that clearly articulates how it will maintain compliance together with specifically listing its compliance obligations how compliance will be achieved and who is responsible. TGR has had its CMS audited externally as part of jurisdictional compliance audits. There are no outstanding non-conformances and all opportunities for improvement have been addressed. A copy of TGR's CMS for Tasmania is attached as an example.

It is TGR's intent to develop a CMS that reflects TGR's regulatory obligations as an Authorised Retailer with the AER which includes obligations under the *National Energy Retail Law (South Australia) Act 2011*, National Energy Retail Regulations and the National Energy Retail Rules; the Energy Retail Code; the *Telecommunications Act 1997 (Cth)*, *Do Not Call Register Act 2006 (Cth)*, *Spam Act 2003 (Cth)*; the *Privacy Act 1988 (Cth)*; and the Australian Privacy Principles; and the Australian Consumer Laws (as set out in Schedule 2 to the *Competition and Consumers Act 2010*).

As TGR intends to commence as an authorised retailer in South Australia, contact has been established with the Office of the Technical Regulator to understand its compliance obligations with regard to the preparation of a Safety Awareness Plan in accordance with the requirements of clause 36A (2) and (3) of the *Gas Regulations 2012* and annual reporting requirements. Contact with the Essential Services Commission (SA) has also been made and the local obligations of a NERL authorised retailer discussed.

The directors and management of TGR have overall responsibility for setting and overseeing the corporate governance and compliance standards that are to be implemented. Specific ways Enwave will ensure compliance include:

- **Qualified Staff:** adopting a rigorous and detailed recruitment program to ensure appropriately qualified and suitable staff are employed.
- **Training and Assessment:** a program of training and assessment, including annual refresher training, with the aim of building a culture of compliance and ensuring that all staff understand that regulatory compliance is core to TGR's operations. External training providers will be utilised where appropriate.
- **Safety and Compliance Team:** In accordance with AS/ISO 19600:2015 Compliance Management – Guidelines, the Safety and Compliance Team are an independent and authorised compliance function who are responsible for developing and implementing a safety and compliance program via the development of policies, procedures and training programs and for the day to day oversight of the safety and compliance program of TGR. Our Legal Compliance Policy is attached. Our Compliance

Management System is currently under review and will be provided separately to this application.

- External Advice & Audits: TGR, as part of its compliance program, obtains advice on compliance and legal issues from a number of qualified external providers. Independent Auditors, including the Brookfield audit team regularly conduct audits on all aspects of the business.
- Information Technology: TGR uses a range of systems, including Share Point, to assist in the company's compliance and implementation of the compliance program. These include the storage and maintenance of the comprehensive suite of centrally held compliance documents; document version control and retention; formal review and sign off procedures and an annual program of audit and inspections. The in-house IT Support team provide support and guidance on IT related issues and also ensure the ongoing security of our IT systems.
- Documentation: TGR has developed procedures and policies related to operational processes in order to ensure regulatory compliance. These documents are provided to employees to ensure implementation of practices in compliance.
- Regular Reviews: TGR actively seeks to identify and reduce the likelihood of breaches of regulatory obligations. Regular reviews will be conducted looking at applicable regulatory obligations, the consequences and likelihood of a breach and appropriate controls.
- Monitoring and Reporting: Any compliance breaches will be assessed, resolved and reported in accordance with TGR's reporting obligations.
- Complaints Handling: TGR treats any customer dissatisfaction with our service as a complaint and responds in a prompt, objective and empathetic matter in accordance with our Complaints Handling Policy. Refer to confidential attachments for a copy including the complaints flow chart.
- Hardship Policy and Program: TGR recognises the benefits of assisting all of its customers in effectively managing their energy bills and actively promotes assistance to any customer experiencing financial difficulty whether it be in the short or long term. TGR offers the same service to any customer regardless of their personal or financial circumstances. This approach builds confidence and trust between TGR and its customers. Further it enables both TGR and its customers to take early action to prevent long term and unmanageable debt.

Risk Management

Enwave Australia maintains a risk management framework has been developed in accordance with *AS/NZS ISO 31000:2009 Risk Management*. TGR complies with this framework and maintains its own risk register. In addition to its formal risk register, the identification and mitigation of risks is part of day to day business. For example, risk identification and minimisation is inherent in our organisational culture and values, as an agenda item in team and senior management meetings, staff participate in safety walks to identify hazards in the workplace and TGR participates in risk committee meetings coordinated by the Safety and Compliance division for all Enwave Australia wholly owned entities. TGR's risks are collated with risks of other entities and are reported to the Board on a quarterly basis. In addition, TGR's GM participates in risk workshops with Enwave Australia's director's and other company GMs on an annual basis.

Organisational risk framework documents include (and are included in the confidential attachments):

- Hazard and Risk Management – standing operating procedure
- Health and Safety Policy
- Risk Management Policy
- Risk Matrix – Tas Gas Retail
- Risk Register – TGR
- Copy of TGR's most recent independent audit which was on its Tasmanian Safety and Operating Plan and included consideration of the adequacy of safety risks within TGR's risk register

Evidence of risk management and compliance strategy external audit

Through its licences in Tasmania and Victoria, TGR has participated in regular external audits of its compliance systems. At times this includes consideration of TGR's risk register.

Within the confidential attachments are copies of independent audits as follows:

- 2018 Safety and Operating Plan audit which considered TGR's risk register (Tasmania)
- 2017 Compliance Management System audit (Tasmania)

There are no outstanding non-conformances or opportunities for improvement.

Additional information on managing risk

The GM TGR receives regular compliance updates from the AEMC and other key stakeholder groups such as the Gas Market Reform Group. The GM TGR is a graduate member of the Australian Institute of Company Directors and receives regular resources and updates regarding governance. TGR are members of the Energy Users Association of Australia which provide insights from a large customer perspective regarding market reform and energy challenges.

Ombudsman Scheme Membership

TGR has initiated discussions with the Energy and Water Ombudsman (SA) regarding its membership application and are in the process of preparing an application. TGR will join relevant state schemes in expanding into other NECF jurisdictions.

TGR is an established member of the Tasmanian Energy Ombudsman scheme; Energy and Water Ombudsman of Victoria scheme; and the Australian Financial Complaints Authority scheme.

Agreements and Arrangements

AEMO

Enwave will be a retailer to customers on embedded networks and therefore will not be purchasing gas through the wholesale market. As such it is not required to be a market participant or to register with AEMO.

Distribution use of system agreement

Where required, TGR will enter into a use of system agreement with a distributor. TGR is a party to use of system agreements in Victoria and Tasmania. Where embedded networks are

owned and operated by a related entity and contestable retail services are not possible, such as is the case with the Tonsley Gas Network, TGR will work with the distributor but will not have a formal contract arrangement. A contract is not needed due to the collaborative relationships between related entities and common management and governance structures.

Retail Contracts

TGR will develop standard retail contracts for customers at Tonsley which will be compliant with the National Energy Retail Rules (NERR) and will include the terms and conditions set out in Schedule 1 of the NERR. TGR may also develop market retail contracts for customers which while varying from the standard retail contract will be compliant with the NERR to the extent they apply to market retail contracts.

Gas supply

TGR has gas supply arrangements in place for the other jurisdictions in which we operate which include transmission and wholesale gas supply agreements. For smaller operations such as the Tonsley Gas Network, TGR will buy from an authorised retailer and will on-sell gas. A gas supply agreement has been entered into with an authorised retailer to supply customers at Tonsley.

Back up arrangements

Should TGR fail as a retailer, businesses who specialise in supplying energy to embedded networks would be readily able to take transfer of customers. For example, TGR has engaged with WinConnect who are able to take on retail services under its gas retail authorisation within embedded networks should TGR fail.

Part 3 Financial Capacity

Audited financial reports for the past 12 months

TGR operates on a calendar financial year. 2017 & 2016 financial reports are provided in the confidential attachments. 2018 financial reports are in draft and are being externally audited. It is expected that TGR's audited reports will be available late March, early April 2019.

Please note that TGR is not required to prepare and lodge audited financial statements with ASIC. Therefore, when statements are provided, while they have been independently audited, some of the statutory reporting requirements are not met as they are not required.

Audited financial reports for the past 12 months

TGR nor its parent Enwave Australia hold a credit rating.

Company Structure and Relationships

TGR is financially independent from its related entities. From time to time money is dispersed through intercompany loans which includes provision for tax liabilities. Notes to this effect are included in the financial statements.

TGR has access to Enwave Australia's debt facility from which any required bank guarantees are issued from to third parties. At present TGR has bank guarantees in place for gas transportation with the Tasmanian Gas Pipeline and spot market transactions with AEMO.

Parent Entity Relationship

Brookfield Infrastructure (Brookfield) was formed by Brookfield Asset Management Inc. (together with its subsidiary and affiliated entities (BAM)) in May 2007 as its primary vehicle to own and operate infrastructure assets globally. BAM is a global asset manager focused on property, renewable power, private equity and infrastructure assets, with over US\$250 billion in assets under management and a market capitalization of approximately US\$40 billion. BAM is listed on the New York, Toronto and Euronext stock exchanges under the symbol "BAM", "BAM.A" and "BAMA" respectively.

Brookfield owns and operates a globally diversified portfolio of infrastructure assets across the utilities, transport, energy and communications infrastructure sectors in the Americas, Europe and the Asia Pacific. Brookfield's financial strength and transaction execution capabilities enable it to provide a high degree of transaction certainty. It is rated BBB+ by S&P and enjoys access to significant liquidity. Brookfield is listed on the New York and Toronto stock exchanges under the symbol "BIP" and "BIP.UN" respectively, and has a market capitalization of approximately US\$17 billion.

In Australia, Brookfield has successfully built a significant operating platform with approximately 9,000 employees and assets under management of approximately \$23 billion. Brookfield has grown this platform both organically and through the execution of sophisticated transactions, both small and large-scale.

Brookfield has material interests in Asia Pacific infrastructure, including one of the world's largest coal export terminals, 5,500km of rail infrastructure, over 240 km of toll roads, port container terminals and district energy and water infrastructure systems, including gas distribution operations.

Brookfield's Australian energy and utilities business is operated through Enwave Australia, which is a 100% subsidiary of Brookfield. The Enwave Australia group of companies includes a number of wholly owned utility businesses, including Tas Gas Networks, Tas Gas Retail, Water West, Enwave Central Park, Enwave Mascot and Enwave Tonsley.

BAM has a successful track record of financing acquisitions and have issued or refinanced over US\$10 billion in equity and debt over the last two years. BAMS's Australian operations alone have financed over A\$6.4 billion and have \$8.5 billion of funded indebtedness. Separately, Brookfield currently has over US\$1 billion of corporate liquidity available to fund acquisitions and investments of this nature.

While Brookfield is the parent entity, Enwave Australia is financially independent.

Declarations

The 2017 financial statements provided with this application include a Directors Declaration. A declaration is not provided from the auditors as it is not a requirement. A statement from the auditors re TGR's status as a going concern is included in the confidential attachments.

Part 4 Suitability

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

All TGR staff have undertaken a National Police check in the last 12 months to identify any issues that may impede their ability to carry out their duties to a high standard (dealing with customers and financial controls).

Enwave employees are required to comply with the Code of Business Conduct and Ethics, and the Anti-Bribery and Corruption Policy. Refreshers are provided to all staff via an online training platform annually. Policy documents are included in the confidential attachments.

List of Attachments (all attachments are commercial in confidence)

Attachment number	Description
1.	Organisational Chart
2.	Key Person Profiles
3.	Number of employees by BU & classification
4.	Business Plan
5.	<ul style="list-style-type: none"> a. Compliance Policy a. Example Compliance Management Plan
6.	<ul style="list-style-type: none"> a. Complaints Policy b. Complaints Handling Procedure c. Flow Chart
7.	Risk Management Documents <ul style="list-style-type: none"> a. Hazard and risk Management – SAOP b. Health and Safety Policy c. Risk Management Policy d. Risk Matrix – TGR e. Risk Register – TGR
8.	Copies of independent audits (compliance & risk) <ul style="list-style-type: none"> a. 2018 TAS Safety and Operating Plan audit report (included consideration of TGR’s risk register) b. 2017 TAS Compliance Management System audit report
9.	Financial Statements <ul style="list-style-type: none"> a. 2017 financial statements b. 2016 financial statements c. Letter of Support re intercompany loans from TGR to Tas Gas Networks
10.	Forecast Revenue and expense
11.	Names and Addresses of Officers
12.	<ul style="list-style-type: none"> a. Anti-Bribery & Corruption Policy b. Code of Business Conduct and Ethics
13.	Declarations <ul style="list-style-type: none"> a. Auditor statement of going concern b. CEO Declarations