



30 October 2015

CITISOLAR APPLICATION FOR INDIVIDUAL EXEMPTION

Citisolar South Australia Pty Ltd ATF Citisolar South Australia Unit Trust
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Application for individual exemption

1. General information

- 1.1 Your legal name. If you are a body corporate or community corporation, please indicate this.

Citisolar South Australia Pty Ltd ATF Citisolar South Australia Unit Trust

- 1.2 Your trading name if different to your legal name.

Citisolar

- 1.3 Australian Business Number (ABN) or Australian Company Number (ACN).

25 621 335 461

- 1.4 Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.

Registered Address: 5 Starr Avenue, North Plympton, SA 5037

- 1.5 Nominated contact person, including their position in the organisation and contact details.

Mr Tynan Coles

CEO

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- 1.6 Why you are seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances.

Citisolar has been in business since 2009 installing solar PV system to residents and businesses nationally around Australia. Citisolar is creating a business model to provide residents and businesses with solar under a Solar Power Purchase Agreement (PPA). Therefore we are seeking an exemption to ensure that we do not fall under the definition of a 'retailer' of electricity.

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

- 1.7 The address of the site at which you intend to sell energy, including a map of the site and a brief description of this site and its current and future use/s.

Not applicable – It will be Australia wide

- 1.8 The primary activity of your business (for example, managing a shopping centre).

Citisolar is a supplier and installer of solar PV systems to residential and businesses premises. Citisolar is looking to extend its business model to Solar Power Purchase Agreements.

- 1.9 The form of energy for which you are seeking the individual exemption (electricity or gas). For electricity, please state whether the network you propose to sell is directly or indirectly connected to the main grid or is (or will be) an off-grid network.

Electricity that is generated from our solar pv systems. We will use a mix of grid connected systems and hybrid systems to enable the customer to use battery backup while also being connected to the grid.

- 1.10 Are you establishing, or have you established, energy supply in an area where there are no other viable energy supply arrangements available.

Not applicable. All sites will be grid connected and have an existing contract with an electricity retailer.

- 1.11 The date from which you intend to commence selling energy.

As soon as possible.

- 1.12 Mailing addresses for premises at the site (where applicable). We may use this information to ensure that potential customers are able to participate in our consultation process.

Not applicable.

- 1.13 Details of any experience in selling energy, for example:

- date/s and location/s of previous operations
- form/s of energy sold
- scale of operations (that is, the number, size and type of customers)
- an explanation of which activities will be conducted in-house and which will be contracted out to third parties.

Citisolar was established in 2009 and have since been selling residential and commercial Solar PV systems throughout Australia. This involves but is not limited to, direct residential and commercial solar system sales, distribution of solar equipment, systems sold with estimated output performances and energy savings and reporting and recording of performance of Solar PV Systems.

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- 1.14 Whether you currently hold, or have previously held or been subject to, an energy selling exemption or a retail licence (retailer authorisation) in any state or territory. If so, please provide details.

No retail exemption or retailer authorisation held previously.

- 1.15 What arrangements you have made in the event that you can no longer continue supplying energy (e.g., has the retailer that sells to you agreed that they will service the customers).

Not applicable. A customer is required to be connected to an energy retailer and therefore if the PPA fails then the customer will still be connected to the energy retailer.

2. Particulars relating to the nature and scope of the proposed operations

- 2.1 Will your customers be your tenants? If so, are they residential or commercial/retail? Are they covered by residential or retail tenancy, or other legislation governing accommodation that is a person's principal place of residence (for example, retirement village legislation, residential parks or manufactured home estates legislation) in your state or territory?

Not applicable

- 2.2 Are you providing other services (for example, accommodation/leasing of property) to persons on the site who you intend to sell energy to? Or will your only commercial relationship to persons on the site be the sale of energy? If you are providing other services, please specify what these services are, and the contractual or leasing arrangements under which these services are being provided.

There will be the supply and installation of the solar system. Not applicable.

- 2.3 What is the total number of dwellings/premises at the site? Please provide a breakdown between residential and business customers (and whether they are small or large as defined for the jurisdiction in which you intend to operate).

Not applicable as it will be installed nationally across many different sites.

- 2.4 Will you be on selling energy (that is, selling energy purchased from an authorised retailer) or purchasing it directly from the wholesale market?

Not applicable. Energy will be generated from our solar systems.

- 2.5 If purchasing from an authorised retailer, have you formed, or do you intend to form, a bulk purchase contract with the energy retailer, and how far into the future does this, or will this, contract apply? If you have formed, or intend to form, a contract, please provide a brief summary of this arrangement.

Not applicable.

- 2.6 What is the estimated aggregate annual amount of energy you are likely to sell (kilowatt hours or megawatt hours for electricity and mega joules or gigajoules for gas) and the average expected consumption of customers for each type of customer you service (that is, residential customers and retail or commercial customers)?

Not applicable.

- 2.7 Will your customers be wholly contained within a site owned, controlled or operated by you?

Not applicable.

- 2.8 Will each premises/dwelling be separately metered? If the application is for a new development or a redevelopment and customers will not be separately metered, please explain why not.

Each dwelling will have its own meter installed at the time of install and in addition, will also have a web based monitoring tool installed.

- 2.9 What types of meters will be used? For example, basic/accumulation meters, manually read interval meters or remotely read interval meters? Will these meters allow your customers to change retailers (i.e. not source their energy from you)?

Citisolar will use NMI approved interval meters that can be remotely read. Citisolar is speaking with leading meter manufacturers currently to source approved meters. This will not inhibit a customers' ability to change retailer.

- 2.10 What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which Standard or Standards. For electricity meters, will the meters comply with National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013?

The meters will comply with all relevant Australian standards that apply to metering. All meters will be Class 1 and compliant with AS/ 62052.11 and AS/ 60253.21.

- 2.11 If customer dwellings/premises are separately metered, how often do you propose the meters to be read and by whom?

Monitoring of solar systems will be done via internet and remote meter reading on a daily basis. There will be daily, weekly, monthly and quarterly reports provided. Billing will take place monthly.

- 2.12 How will you determine energy charges if customers are not separately metered?

Not applicable. All customers will have an individual meter.

- 2.13 In what form and how often will customers be billed? Will you be issuing bills yourself or through a billing agent?

Citisolar will send monthly electronic bills or postal bills depending on customer's preference.

- 2.14 What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues?

Citisolar may receive customer complaints or disputes via email or telephone in which Citisolar will respond promptly and efficiently in accordance with the frameworks of the Australian Consumer and Competition Commission (ACCC) and in line with the customer service guidelines of Citisolar.

All complaints are referred to the appropriate person in the correct department to deal with the situation in an objective manner to come to a fair and reasonable outcome for both parties.

- 2.15 What energy rebates or concessions are available for your customers and, if applicable, how can customers claim these?

Not applicable.

- 2.16 Will you make energy efficiency options available to your customers? Will your network incorporate solar or other generation options for sustainability purposes? If so, will you use gross or net metering?

Citisolar will offer Solar PV Systems through the PPA's. We will also offer LED lighting options to improve efficiency of lighting.

- 2.17 Please provide any further information that you consider would assist us to assess your application.

Citisolar will not be the primary supplier of electricity to the customer and will not interfere with that supply agreement. Citisolar will own the system throughout the PPA and will have flexible purchase options at the completion of the PPA.

3. Additional Information for SPPA applicants:

- 3.1 Do you have any experience in the energy industry? Please provide a brief description.

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

- 3.2 What is your strategic direction and what are your objectives? Please describe your business model in some detail, noting jurisdictions where you will be operating and customer number forecasts for the first 3 years.

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

- 3.3 What is your pricing structure - will you charge for energy only or are there other fees? Will you charge only for energy consumed or all energy generated?

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

- 3.4 Are there related companies and what is their function? Do you intend to transfer any functions to any other related companies and, if so, what are they?

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

- 3.5 Do you intend to sell to commercial or residential customers, and what size systems will you install?

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

- 3.6 Do you intend to use fixed term contracts and, if so, how long will they be?

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

- 3.7 Under what circumstances can the customer terminate the agreement and at what cost? What happens when the contract ends? Who owns the system?

Certain information has been removed to prevent competitors from obtaining an advantage from this knowledge. There is no public benefit in disclosing this information.

4. Additional Information for SPPA applicants:

- 3.1 Do you have any experience in the energy industry? Please provide a brief description.

As previously stated, Citisolar has been operating since 2009 in the solar industry. Movement to provide SPPA's is a logical expansion of our company to move with the market.

- 3.2 What is your strategic direction and what are your objectives? Please describe your business model in some detail, noting jurisdictions where you will be operating and customer number forecasts for the first 3 years.

Citisolar will be targeting both residential and commercial customers depending on the eligibility of each customer against our criteria. The objectives are to add an extra dimension to the company and gain a greater share of the market.

Citisolar will aim to provide the customer with savings on their energy usage while also providing a cost free solar package that they will take ownership of after the contract period.

Our forecast numbers are around 100 systems per month over the next 3 years. With our target focus of residential installs being 5kw, this would equate to 27,000 kw's of power consumed per year through our solar systems on customers roofs.

Citisolar will be operating in jurisdictions that provide solid returns on solar systems through a mixture of climate and energy usage. We expect most residential systems to fall between 4-5kw and most commercial systems to fall between 10-15kw.

- 3.3 What is your pricing structure - will you charge for energy only or are there other fees? Will you charge only for energy consumed or all energy generated?

Citisolar will charge for all energy consumed and has a formula to calculate against energy consumed and energy generated. The proposed terms of conditions of the SPPA will be consistent with Australian Consumer Law, Competition and Consumer Act 2010. The pricing will ensure that the consumer receives a discount against standard electricity prices.

- 3.4 Are there related companies and what is their function? Do you intend to transfer any functions to any other related companies and, if so, what are they?

Citisolar will operate independently on this venture and will conduct the selling and administration functions within its own company. There will be a dedicated office in each respective state that Citisolar wish to operate to enable superior customer service and efficiency of operations.

- 3.5 Do you intend to sell to commercial or residential customers, and what size systems will you install?

Citisolar intends to sell both residential and commercial systems ranging in size from small residential size systems to larger commercial size systems.

- 3.6 Do you intend to use fixed term contracts and, if so, how long will they be?

Citisolar intends to use flexible and fixed contracts ranging from 7 years with a maximum of 20 years.

- 3.8 Under what circumstances can the customer terminate the agreement and at what cost? What happens when the contract ends? Who owns the system?

At the completion of the contract the customer will own the system. There will be options throughout the agreement where the customer can use a buyout figure and purchase the system.

