



APPLICATION FOR INDIVIDUAL EXEMPTION 3 MARCH 2020

INTRODUCTION

Cool or Cosy was established in 1984 and is a leading South Australian energy solutions provider, recognised for its innovation, customer service and integrity. For several years now Cool or Cosy has been recognised as the largest installer of residential solar systems in South Australia.

The sole director of Cool or Cosy purchased the Tindo Solar business in 2017. Tindo Solar is the only manufacturer of solar panels in Australia and is recognised for high quality manufacture. Tindo Solar is not only a manufacturer but an end to end solutions provider having a significant install base of its own and in previous years ran its own solar PPA business under retail exemption.

Combined, the Cool or Cosy group including Tindo Solar have an installed over 14,000 solar systems in South Australia.

Solar Rental Company Pty Ltd (**Solar Rental Company**) is another of the group's entities, holding Australian Credit Licence 426040 (**ACL**) for the financing of solar and battery systems for residential clients. Operating in the highly regulated field of consumer finance, providing regulated loans, the Cool or Cosy group is very familiar with the need for compliance and regulation and upholds the requirements of the ACL with diligence.

The Cool or Cosy group is a family owned business, with the owner actively participating in the day to day running, ensuring the ethos, honesty and integrity of every aspect of the business is maintained.

GENERAL INFORMATION REQUIREMENTS

1. **Legal name**

Tindo Energy Pty Ltd (**Applicant**).

The Applicant is not a body corporate or community corporation.

2. **Trading name**

The Applicant does not have a different trading name.

3. **Australian Business Number and Australian Company Number**

ABN 46 637 148 488.

ACN 637 148 488.

4. **Addresses**

4.1 **Registered postal address**

BDO Advisory (SA) Pty Ltd – KEV
GPO Box 2018
Adelaide SA 5001

4.2 **Business address**

5-6 Second Ave
Mawson Lakes SA 5095

5. Contact person

Glenn Morelli
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Cool or Cosy

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6. Why the Applicant is seeking an individual exemption, and why the Applicant believes that an exemption rather than a retailer authorisation is appropriate

The Applicant will be selling electricity, mainly to residential customers but also to small and large business customers, under solar power purchase agreements (**PPAs**).

The term of each of the Applicant's solar PPAs may be less than 10 years or it may be 10 years or more, depending on the customer's needs and what the customer wants and also in order for the Applicant to achieve an adequate return on the cost of its solar systems. When the term is 10 years or more, the Applicant does not qualify for the class R8 registrable exemption under the AER (Retail) Exempt Selling Guideline, since the criteria applicable to that exemption require the duration of a PPA to be less than 10 years when the electricity is sold to a residential customer.

Accordingly, the Applicant is applying for an individual exemption, that will cover both those cases when the term of the Applicant's PPAs is less than 10 years and those cases when it is 10 years or more.

The electricity sold by the Applicant to its customers will be discretionary or supplementary, in contrast with grid electricity sold by an authorised retailer. Many of the obligations under the National Energy Retail Law therefore are inappropriate, e.g., participation in the Retailer of Last Resort scheme and the obligations to provide standing offers. An individual exemption can be tailor-made to suit the specifics of the sale of the Applicant's electricity, and is therefore a better regulatory fit.

7. The Applicant's primary activity

Owning and operating solar systems that are installed on customers' sites and selling electricity generated by those solar systems to the customers under solar PPAs.

8. The Applicant's customers.

The Applicant intends to sell electricity to grid-connected residential customers and also to grid-connected small and large business customers.

9. Date from when the Applicant intends to commence selling electricity

Ideally, 1 April 2020.

10. Experience in selling electricity.

The Applicant itself is a newly established company and consequently does not have any experience selling electricity and nor is there such experience elsewhere in the Cool or Cosy group. However, managers within the Cool or Cosy group have extensive experience in the solar PV industry, primarily in connection with the design, installation, sales, monitoring, maintenance and repair of solar systems of the same kind as the Applicant will use to generate the electricity the Applicant will sell under solar PPAs.

11. Current and former electricity exemptions, retail licences or retailer authorisation

Nil.

PARTICULARS RELATING TO THE NATURE AND SCOPE OF THE PROPOSED OPERATIONS**12. Are you providing other services (for example, accommodation/leasing of property) to persons on the site to whom you intend to sell energy? 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.**

The Applicant will not be providing other services to its customers.

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

Customers will receive paper or electronic bills, as they prefer. They will be billed monthly. The Applicant will be issuing its own bills.

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

Under its ACL, Solar Rental Company is required to have and has a Complaints Handling Procedure and is a member of the Australian Financial Complaints Authority. The Applicant will leverage off Solar Rental Company's experience in preparing for and managing any complaints from its customers, adopting a similar Complaints Handling Procedure as its own.

Under that Complaints Handling Procedure, customers will be able to raise any complaint relating to the sale of electricity by the Applicant or their contract with the Applicant. In accordance with timeframes specified in the Complaints Handling Procedure, the Applicant will confirm receipt of the complaint and endeavour to resolve it, with the Customer entitled to raise the complaint to a higher level in the Applicant's organisation if the customer is not satisfied with the Applicant's initial response. In the meantime, the Applicant will continue selling electricity to the customer.

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

15.1 The Cool or Cosy group currently has over 80 staff in Adelaide and is well resourced to take on the added responsibilities involved as a solar PPA provider.

15.2 As already mentioned, one of the Applicant's related bodies corporate, Solar Rental Company, is a credit provider, settling over 3,000 loans since 2012 with some 2,000 currently active loans. Under its ACL, Solar Rental Company operates in a highly regulated environment with obligations to comply with:

- general conduct obligations including obligations to act efficiently honestly and fairly, to be competent, to have appropriate dispute resolution systems and appropriate arrangements to ensure compliance; and
- more specific obligations and requirements including responsible lending requirements around ascertaining and verifying a consumer's financial situation and assessing the suitability of the credit contract on offer, and requirements in the National Credit Code dealing with precontractual disclosure and conduct in relation to the terms of credit contracts.

The Applicant will be able to draw on the experience of relevant Cool or Cosy group staff members in ensuring Solar Rental Company complies with its obligations as an Australian credit licensee, in ensuring that the Applicant complies with the similar obligations the Applicant will have in carrying on its new business under its individual exemption.

16. Please describe your business model in some detail, noting jurisdictions where you will be operating, and customer number forecasts for the first 3 years.

The Applicant intends to operate in every State and Territory, selling solar electricity to grid-connected residential customers and also to grid-connected small and large business customers, but initially will be operating in South Australia and Queensland.

Customers will be offered a range of solar systems and a range of solar PPA terms. The solar system and the term each customer ultimately will have will depend on what the customer's needs are and what the customer wants.

Solar systems will be sized having regard to customers' consumption and whether or not they have batteries. They range from 3kW to 15KW for residential customers and can be much larger for large business customers.

The Applicant's solar PPAs will be marketed by Cool or Cosy and Tindo Solar as one of the energy solutions they can provide, and through the Community Power Network established by Cool or Cosy.

The Applicant's business will be funded by the Cool or Cosy group's bankers, Bendigo Bank. Bendigo Bank utilise the run-off revenue from our portfolio as security and have provided an open-ended facility to fund growth. Quarterly covenants are required to be maintained within an agreed LVR.

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

The Applicant's solar PPAs will clearly detail all charges payable by the customer.

The Applicant will charge for its solar electricity only and will not impose any charges beyond those for the solar electricity itself. As a general rule, the Applicant will only charge its customers for the electricity they have consumed.¹

The same price will be paid for the solar electricity whether it is consumed instantaneously by the customer or stored in a battery and consumed by the customer later; in the latter scenario no additional fees will be imposed.

The Applicant's solar electricity will be sold for a price in c/kWh. That price will either be fixed or it may increase over time, e.g., at a fixed rate of increase. The price will depend on the length of the term of the solar PPA, with a lower price for longer term solar PPAs.

The Applicant will monitor and maintain the solar system throughout the solar PPA term at no extra cost to the customer.

18. Are there related companies and what is their function? Do you intend to transfer any functions to related companies and, if so, which functions?

The Applicant is a member of the Cool or Cosy group the other members of which are Homeworks Co Pty Ltd (trading as Cool or Cosy), Solar Rental Company, Tindo Assets Co Pty Ltd (trading as Tindo Solar) and Tindo Operations Co Pty Ltd.

The Applicant will not engage any Cool or Cosy group members to perform any functions for the Applicant, not under any services or outsourcing or other agreement.

All of the Applicant's functions will be undertaken by Cool or Cosy group employees, whether or not the Applicant is their particular employer. Some of the employees will be dedicated solely to the Applicant's functions; others will not and will also undertake work for other members of the group.

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

The Applicant intends to use fixed term solar PPAs. The term of the Applicant's solar PPA with a customer will be agreed with the customer, taking into account the customer's needs and what the customer wants, and may be less than or more than 10 years but, in any event, will always be less than 20 years.

20. Under what circumstances can the customer terminate the agreement and at what cost?

The customer will be entitled to terminate the solar PPA if the Applicant breaches any material provisions of the solar PPA and, if the breach is capable of remedy, the Applicant fails to remedy the breach within 10 business days. The customer will also be entitled to terminate if an insolvency occurs with respect to the Applicant. In either case, the customer will be able to require the Applicant to remove the solar system; alternatively, the customer will be entitled to purchase the solar system for an agreed amount.

The Applicant is not proposing to confer on the customer an option to terminate the solar PPA early. However, if the customer's circumstances change with the result that the customer is not able to continue to perform its obligations under the solar PPA, then most likely the Applicant will terminate the solar PPA in any event for breach of the solar PPA by the customer. In those circumstances, unless the Applicant decides to remove the solar system, the customer will be required to pay an agreed termination fee in return for which ownership of the solar system will transfer to the customer.

21. What happens when the contract ends? Who owns the system?

On expiry of the solar PPA, the customer will purchase the solar system for \$1.

¹ See further point 22 below.

22. **Who will own any green energy certificates or rebates, including feed-in tariffs, which apply to the generation system?**

The Applicant will be entitled to any renewable energy certificate under the *Renewable Energy (Electricity) Act 2000* (Cth) which may be created in respect of electricity generated by the solar system and to any other renewable energy, greenhouse gas emissions, energy efficiency or other environmental benefit arising under law or otherwise from the generation of that electricity.

The Applicant may also offer to install batteries at its customers' sites, so that any electricity that the solar system generates in excess of the customer's consumption can be stored and supplied by the Applicant for consumption by the customer at a later time. In any event, the Applicant intends to manage the generation of electricity by its solar systems so that no solar electricity is exported to the grid; in some cases, it will install, or will be required by the local electricity distributor to install, limitation devices for these purposes. In all of these cases, there will be no exports of solar electricity into the grid, and so neither the Applicant nor the customer will be entitled to any feed-in tariff.

If the customer wants excess solar electricity to be exported into the grid and appropriate arrangements can be agreed as between the Applicant, the customer, the customer's grid retailer and the local electricity distributor, then the Applicant will be willing to sell the customer that excess solar electricity so that the customer may on-sell it to the customer's grid retailer. In those circumstances the customer will be entitled to the grid retailer's feed-in tariff.