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Urth Energy
S m a r t E n e r g y

Application for the Supply of Electricity

Urth Energy Pty Ltd
[ABN] 52 601 693 109

1. **BACKGROUND**

Urth Energy Pty Ltd ("Urth Energy") is an Australian registered company whose board and management comprises of experience in managing and operating business in the service industry, retail, and the energy and wholesale market. As a result, Urth Energy is confident that we have sufficient experience and expertise to manage and operate the business of an electrical retailer.

Our objectives are to protect the interests of consumers, offering electricity under sustainable tariffs with the necessary customer support to deliver choice, energy efficiency and real savings to customers over the long term.

By granting a licence to Urth Energy to retail electricity in New South Wales, the Australian Energy Regulator ("AER") will be increasing the number of financially viable participants in the market. The more participants in a market place the less likelihood there will be monopolies developing. Having new entrants such as Urth Energy will add to the diversity of suppliers which reduces the dominance and ability of the participants that might seek to use a dominant position for anti-competitive outcomes.

2. **PURPOSE OF THIS DOCUMENT**

The purpose of this consultation paper is to make an application to the Australian Energy Regulator ("AER") for the issue of a license to Urth Energy to retail electricity only.

2.1 **Basis of this Application**

The *National Energy Retail Law (Adoption) Act 2012* provides that an application for the issue of a license must be submitted to the AER in a form approved by AER.

2.2 **Type of license sought**

Urth Energy plans to retail electricity to both small residential customers and large customers within New South Wales.

3. **COMPANY INFORMATION**

The following information that is required by the Australian Energy Regulator pursuant to the Retailer Authorisation Guideline includes the general business information of Urth Energy.

3.1 **Legal Name**

The legal name of the applicant is Urth Energy Pty Limited.

3.2 **Trading Name**

The trading name of the applicant is Urth Energy Pty Limited.

3.3 **ABN and ACN**

- (a) The ACN of Urth Energy is 601 693 109;
- (b) The ABN of Urth Energy is 52 601 693 109;

3.4 **Registered Address**

17 Bishopsgate Street Wickham NSW 2293.

3.5 **Contact Person on behalf of the Applicant**

Danielle Cunningham
Regulatory Officer
Telephone: 1300 MYURTH
Email: dcunningham@urthenergy.com.au

3.6 **Retail Authorisation**

Urth Energy seeks to retail electricity only.

3.7 **Commencement of retail operations**

The target date set for Urth Energy to commence retail operations is on 1 May 2015.

3.8 **Operational Scope of Urth Energy**

The business model of Urth Energy is to become the preferred supplier of electricity to residential customers who are committed to reducing their carbon footprint through initiatives such as installing solar photovoltaic generation or using various energy efficient products.

3.9 **Jurisdiction**

Urth Energy intends to retail electricity in New South Wales and South Australia.

3.10 **Customer Types**

Urth Energy intends to retail electricity to small customers and expand its operations to include small and medium enterprises, then commercial customers in accordance with its business plan.

4. **ORGANISATIONAL AND TECHNICAL CAPACITY**

4.1 **Licences Previously Held**

Urth Energy is a special purpose vehicle recently established to retail electricity.

Urth Energy does not hold, or has previously held, electricity retail licenses in other Australian jurisdictions.

Urth Energy has not made any unsuccessful license applications in New South Wales or any other Australian jurisdiction. There are no associates of Urth Energy that hold retail license in New South Wales or any other Australian jurisdiction.

4.2 **Other relevant experience**

Urth Energy has purchased an entity called Countrywide Energy Pty Ltd that holds an exemption to retail electricity. Countrywide Energy has changed its name to Urth Saver Pty Ltd. Urth Saver has intellectual property that will enable it to deliver distributed commercial solar farms, each of which ranges in size from 30kW to multiple MWs in size. Each solar development is to be installed at a commercial premises, the electricity that is generated on site is sold to the customer through a 25 year power purchase agreement known as the Urth Saver Agreement.

The subsidiary currently holds an exemption to retail electricity that has been granted by the AER.

4.3 Major Shareholders

Appendix 1 provides details of the three shareholders including company extracts.

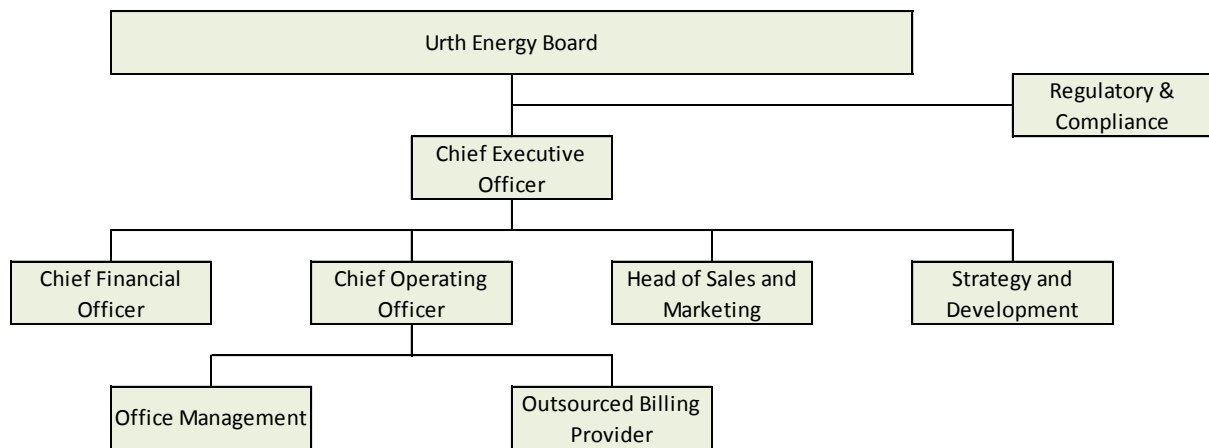
4.4 Organisational Chart

Appendix 2 provides the details of the organisational chart and outsourced arrangements.

4.5 Number of Employees

Urth Energy has adopted the business plan to outsource all operational requirements, as a result will maintain a core executive group of 7 staff plus administration support staff.

4.6 Qualifications and Technical Skills and Experience



Urth Energy has employed the relevant 7 staff with the necessary skills and experience to operate an electricity retailer. In addition, Urth Energy has outsourced the entirety of its billing operation to Serviceworks Pty Limited.

Appendix 2 provides the details of the outsourced arrangements.

Appendix 4 provides the details of the individuals, technical skills and experience of all current employees.

4.7 Human Resources Policy

Urth Energy has developed its Human Resources Policy Manual to enable our management team to operate HR in concert with other operations and make sure that our strategic plans are achieved.

Our Human Resource management function has the eight commonly accepted responsibilities which include:

- (a) Building Security;
- (b) Counselling and Discipline;
- (c) Dress Codes;
- (d) Equal Employment Opportunities;
- (e) Gifts and Benefits;

- (f) Grievance Management;
- (g) Sexual Harassment;
- (h) Incident Reporting;
- (i) Employee Leave;
- (j) Work, Health and Safety;
- (k) Social Media;
- (l) Performance Reviews;
- (m) Working Alone and Personal Security;
- (n) Motor Vehicle Policy and Incident Reporting;

Appendix 3 provides the Human Resource Policy.

4.8 **Training Programs**

The following procedures are to be implemented to ensure that the organisation meets its policy objective of ensuring that all employees are trained and resourced to achieve the organisation's mission and objectives.

As part of the Urth Energy training program, we will:

- (a) Establish formal induction procedures for all organisation employees and volunteers;
- (b) Organise necessary basic training for all organisation employees and volunteers in accordance with the Policy on Occupational Health and Safety;
- (c) Identify further training and development opportunities for individual employees through the formal supervision and performance review system outlined in the Policy on Employee Supervision and Appraisal;
- (d) Identify management training opportunities for senior staff of the organisation.
- (e) Encourage and utilise industry provided training programs wherever feasible.
- (f) Ensure that training opportunities are properly researched, costed against budget parameters and promptly approved.
- (g) Maintain an employee training and development record for all organisation employees and volunteers which includes training goals, actual training undertaken and subsequent work gains.
- (h) Make provision for staff training and development in the annual budget of the organisation.
- (i) Promptly investigate, remedy and document any employee grievance regarding training and development.

4.9 **Business Plan**

Appendix 4 provides the Business Plan.

4.10 **Quality Assurance Accreditations**

Urth Energy is a newly established entity that will embark on quality assurance and standards accreditations in due course.

4.11 **Compliance Plan**

Appendix 5 provides the Regulatory Compliance Framework and Compliance Plan of Urth Energy including our reporting obligations.

Appendix 5a provides the external review and letter of assurance of our Regulatory Compliance Framework and Compliance Plan.

4.12 **Dispute Resolution**

Appendix 6 provides the complaints handling and dispute resolution procedures, which include contact information, response times and method of escalation.

4.13 **Hardship Policy**

Appendix 7 provides the Customer Hardship Policy which identifies the circumstances how we can assist customers to manage their energy usage and costs in times of financial hardship.

4.14 **Risk Management**

Appendix 8(a-d) provides the policies of Urth Energy to have the following risk management procedures in place and that they be reviewed as part of the annual review to ensure their effectiveness:

- (a) Operational Risk (Refer Appendix 8a);
- (b) Financial Risk (Refer Appendix 8b);
- (c) Wholesale Trading Risk (Refer Appendix 8c); and
- (d) Legal and Regulatory Risk Policy (Refer Appendix 8d).

Appendix 8(e) provides the letter of assurance that the above policies and procedures have been the subject of an external review process conducted by a registered company auditor.

4.15 **Directors Declaration on Risk Management and Compliance**

Appendix 9 provides the declaration that the Financial and Operational Risk, Legal and Regulatory Risk and Wholesale Trading Risk have been approved by the board and will be adhered to as part of normal business practice of Urth Energy.

Appendix 10 provides the declaration that the Compliance Plan has been approved by the board and will be adhered to as part of normal business practice of Urth Energy.

4.16 **Customer Energy Supply Contracts**

Appendix 11 provides the Standard Retail Contract Agreement.

4.17 **Insurance Arrangements**

Appendix 12 provides the following insurance policies:

- (a) Workers Compensation; and

- (b) Public Liability Insurance.

4.18 **Outsourcing Arrangements**

Urth Energy has outsourced the following services:

- (a) Service Works Pty Limited has been engaged as the outsourced provider of billing and customer management. Appendix 13 provides the executed Business Process Services Agreement;
- (b) Regulatory Compliance Advice and updates to the Permits Group. Appendix 14 provides the executed Regulatory Compliance Engagement; and
- (c) Urth Energy has outsourced legal review and preparation of our small and large customer electricity contracts to McCabes Lawyers.

4.19 **Relevant Memberships and Registrations**

- (a) AEMO (and Austraclear) registration

In accordance with the compliance plan, Urth Energy is currently preparing its application required for being a Market Customer with AEMO and is making the necessary arrangements to enter into detailed discussions with AEMO representatives on these requirements. As soon as Urth Energy license application is approved by AER.

- (b) Energy and Water Ombudsman scheme

In accordance with the compliance plan, Urth Energy is currently preparing its membership application required to become a member of the EWON.

- (c) Other memberships and licences

Urth Energy will apply for an AFSL license and membership to relevant rebate and concession programs once the electricity license application has been approved by the AER.

4.20 **Market Participant Agreements**

Urth Energy has commenced discussions with the relevant NSW distribution network providers Ausgrid, Endeavour Energy and Essential Energy for electricity.

4.21 **ROLR**

Urth Energy is a newly established company that is attempting to gain entrance to the National Electricity Market.

Therefore, the officers have not embarked, participated or triggered any ROLR event or transferred or surrendered any electricity license authorisation.

4.22 **Additional Information**

Appendix 15 provides the Customer Charter describing our role as a retailer and that of the customer, including agreement terms, payment options, special needs, disconnection, privacy and many more.

Appendix 16 provides the Privacy Policy describing that unless with the explicit informed consent of the customer, no customer information will be made available or accessible to third parties other than in accordance with the privacy laws.

5. **FINANCIAL RESOURCES**

5.1 **Audited Financial Statements and Investment**

Urth Energy is a newly established company and has not commenced any business trading activities, as a result it does not possess any historical financial statements.

Appendix 17(a-d) provides investment commitment provided by the Shareholders to Urth Energy.

Appendix 17(e) provides the letter of assurance that Urth Energy has been the subject of an external review process conducted by a registered company auditor who formed the opinion that Urth Energy is a Going Concern.

Appendix 18 provides the 3 year financial model and cash flow.

Appendix 19 provides the Assumptions included in the Financial Model Report.

5.2 **Credit Rating**

Urth Energy is a newly established company and does not possess an official credit rating.

5.3 **Ownership Structure and Related Companies**

Appendix 2 provides the list of related parties and information about their business activities.

Appendix 1 & 2 provides the list of Major Shareholders and roles within the organisation.

5.4 **Forecast Revenue and Expenses**

Appendix 18 provides the cash flow and financial forecast for the first 3 years of operations.

Appendix 19 provides the Financial Model Assumptions Paper and supporting documentation to the cash flow and financial assumptions forecast for the first 3 years of operations.

5.5 **Declaration from Managing Director**

Appendix 20 provides the Managing Director's written declaration that:

- (a) Urth Energy is a going concern; and
- (b) There are no known impediments to its ability to operate as an energy retailer.

5.6 **Bank Guarantees**

The following bank guarantees have been budgeted for by Urth Energy:

- (a) AEMO Prudentials;
- (b) AEMO Credit Support; and
- (c) Network Use of System Bank Guarantees.

Once the electricity licence has been granted, Urth Energy will establish the relevant guarantees with the respective counter party.

6. **SUITABILITY**

6.1 **Material Failure, Authorisations, Licence applications or Legal actions**

Appendix 21 provide Director and Officer's Declarations that such events, past and present, have not occurred.

We confirm that none of our officers of related parties, associates or other businesses have held an officer position that exerts control over its business activities, have been the found to be guilty of any of the following:

- (a) There has been no material failure to comply with regulatory requirements, laws or other obligations over the past 10 years;
- (b) There have been no previously revoked authorisations, authorities or licences held in any industry;
- (c) There have been no circumstances of failed authorisation, authority or licence applications in any industry;
- (d) There are no past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry.

6.2 **Offences or Prosecutions**

Appendix 22 provides the written declarations from the Directors confirming that none of its directors, nor any other person that is in a position to exert control over the business activities have been the subject of any offences or successful prosecutions under any Australian or foreign legislation that are relevant to our capacity as an holder of an Energy Retail Licence.

6.3 **Criminal History**

Urth Energy or any of its officers will consent to any criminal history checks.

6.4 **Director Disqualification**

Appendix 23 provides the written declarations from the Directors that no directors, officers or managers have been disqualified from the management of corporations that hold decision making positions.

6.5 **Chief Executive Officer Declaration**

Appendix 24 provides the written declaration from the Managing Director of Urth Energy stating that Urth Energy, nor any subsidiary or related party have been involved in any bankruptcy proceedings either in Australia or in any jurisdiction overseas.

6.6 **Director and Executive Officer Information**

Appendix 25 provides the contact details of Urth Energy officers responsible for the operation of the business.

6.7 **Probity and Officer Competence**

The board of Urth Energy has implemented the Management and Oversight board policy to ensure that all officers of the company will carry out their duties with the utmost skill, competence and probity.

6.8 **Additional Information**

Appendix 26 provides the board policies that are compliant with ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. As a result the following board policies require the company to demonstrate competence and compliance in the following areas:

- (a) Management and Oversight;
- (b) Structure of the Board;
- (c) Corporate Ethics;
- (d) Corporate Reporting;
- (e) Timely Disclosures;
- (f) Shareholders Information;
- (g) Risk Management; and
- (h) Remuneration.