



# ReNu Energy Retail Pty Ltd - AER Retailer Authorisation Application

12 April 2018



## Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
1.1	About ReNu Energy	1
1.2	Background to this application	2
<b>2</b>	<b>General particulars</b>	<b>3</b>
2.1	Legal Name of Applicant	3
2.2	Trading name if different	3
2.3	ABN	3
2.4	Registered business address and address for correspondence	3
2.5	Nominated contact person	3
2.6	Form of energy sought	3
2.7	Date to commence retail operations	3
2.8	Nature and scope of operations	3
2.9	Jurisdictions intended for retailing	4
2.10	Type of customers	4
2.11	Former licences held in this and or other jurisdictions	4
2.12	Previous unsuccessful licence applications	4
2.13	Licences held by associates of the applicant	4
2.14	Licence conditions	5
<b>3</b>	<b>Organisational and technical capacity</b>	<b>6</b>
3.1	Previous experience as an energy retailer	6
3.2	Energy market experience	6
3.3	Organisational Structure	6
3.4	Employees	8
3.5	Directors, Officers and Secretary	8
3.6	Executive team	10
3.7	External skills and functions	10
<b>4</b>	<b>Business Plan</b>	<b>13</b>
<b>5</b>	<b>Compliance Strategy</b>	<b>14</b>
5.1	Knowledge and understanding of obligations	14
5.2	Meeting compliance obligations	14
5.3	Complaint and dispute resolution procedures	14
5.4	Skill and/or knowledge gaps	15
5.5	Risk Management	15
5.6	Additional information in relation to risk management	15
5.7	Steps taken to obtain membership of relevant energy industry ombudsman schemes	16
5.8	Third party providers and arrangements with relevant market participants	16



<b>6</b>	<b>Financial capacity</b>	<b>18</b>
6.1	Related companies structure	18
6.2	Current financial position – parent company support	18
6.3	Financial reports	18
6.4	Written declarations	18
6.5	Arrangements for access to additional capital	18
6.6	Bank guarantees	19
6.7	Forecast revenue and expenditure	19
<b>7</b>	<b>Suitability criterion</b>	<b>20</b>
7.1	Applicants declaration	20
7.2	Material failures, revocation of authorisations and legal actions	20
7.3	Criminal History Check	20
7.4	Names and addresses of key officers	20
7.5	Policies and procedures addressing the probity and competence of officers and other key management staff	20
<b>8</b>	<b>Appendices</b>	<b>21</b>



# 1 Introduction

The applicant, ReNu Energy Retail Pty Ltd (ACN 623 916 138) (**ReNu Retail**) has been recently incorporated for the specific purpose of retailing electricity in the Australian electricity market.

## 1.1 About ReNu Energy

ReNu Retail is a wholly owned subsidiary of ReNu Energy Limited (ACN 095 006 090; ASX: RNE) (**ReNu Energy**) based in Brisbane, Queensland. ReNu Energy is the ultimate holding company of the ReNu group of companies (**ReNu Group**),

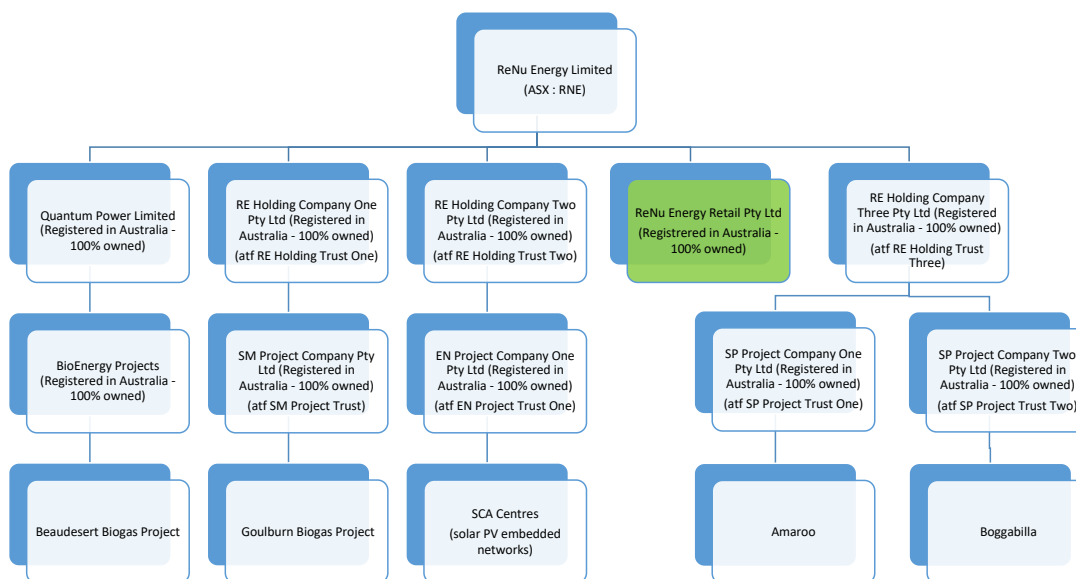
ReNu Energy listed as “Geodynamics Limited” on the Australian Securities Exchange (**ASX**) in September 2002. In October 2016, Geodynamics Limited announced it would rebrand to "ReNu Energy Limited", and the new name was approved by shareholders at the Annual General Meeting on 25 November 2016.

The ReNu Energy team has strong experience and capability in the renewable energy, utility and infrastructure sectors.

ReNu Energy is a clean energy products and services company which, via the ReNu Group, delivers independent power solutions using a build, own, operate and maintain (**BOOM**) model. Under the BOOM model, the ReNu Group secures stable revenue streams under long-dated contracts and customers are able to access the benefits of renewable energy with no upfront cost. The ReNu Group seeks to own projects utilising proven technologies, such as solar PV, that will reduce electricity costs and carbon emissions for customers. The projects either generate electricity at our customer’s premises and deliver directly to the customer behind the meter, or export electricity under long-term power purchase agreements, feed in tariffs or for sale to the National Electricity Market. ReNu Energy also provides solar PV and embedded networks to multi-tenanted properties such as shopping centres, allowing property owners and tenants to receive the benefits of lower cost renewable energy. ReNu Energy also has two behind the meter biogas to energy facilities in operation in Queensland and NSW.

The following diagram shows the ownership structure of controlled entities under the ReNu Group of companies.

ReNu Energy Group – Corporate Structure Diagram





## 1.2 Background to this application

ReNu Energy, via its wholly owned subsidiary EN Project Company One Pty Ltd (ACN 618 387 143) as trustee for EN Project Trust One ABN 16 785 837 441 (**EN Trust**), has signed an agreement with Shopping Centres Australasia Property Group RE Limited (**SCA**) to install solar and embedded networks on four SCA shopping centres across Australia. Under the agreement with SCA, the ReNu Group intends to install solar and embedded networks to enable the supply of competitive energy rates while also giving shopping centre owners and tenants the ability to utilise renewable energy through solar PV.

The first SCA project is Griffin Plaza in Griffith, New South Wales. On 8 November 2017, the Australian Energy Regulator (**AER**) approved an application from EN Project Company One Pty Ltd as trustee for EN Trust for an individual exemption from the requirement to hold a retailer authorisation under the National Energy Retail Law to sell electricity at Griffin Plaza.

The ReNu Group is seeking a retail authorisation from the AER for ReNu Retail so that it can continue to grow the ReNu Group's solar PV embedded network business, commencing with the installation of solar PV embedded networks at three more SCA shopping centres in NSW and South Australia.

ReNu Retail will be the primary vehicle through which the ReNu Group will contract to sell electricity to its embedded network customers. As such, it is the intention of the ReNu Group that, should this application for ReNu Retail to hold a retailer authorisation under the National Energy Retail Law be successful, it will transition its existing electricity sale agreements at Griffin Plaza from EN Trust to ReNu Retail. It will then seek to relinquish the EN Trust individual exemption from the requirement to hold a retailer authorisation under the National Energy Retail Law to sell energy at Griffin Plaza.

ReNu Retail will also be the retail entity which sells electricity to embedded network customers at the three additional SCA shopping centres in NSW and SA following installation of solar PV embedded networks at those sites.

This application for a retailer authorisation has been prepared in accordance with the AER Retailer Authorisation Guideline and addresses the entity criteria specified in section 90 of the National Energy Retail Law:

- a. Organisational and technical capacity
- b. Financial resources
- c. Suitability

*Please note: documents in Section 8 (Appendices), marked as 'Commercial in Confidence', and/or listed as 'Confidential' in the table on pages 21 to 23, do not form part of the public component of this application. They are not for general disclosure.*



## 2 General particulars

### 2.1 Legal Name of Applicant

ReNu Energy Retail Pty Ltd (ACN 623 916 138)

### 2.2 Trading name if different

ReNu Energy

### 2.3 ABN

The ABN for ReNu Energy Retail Pty Ltd is 18 623 916 138.

### 2.4 Registered business address and address for correspondence

Level 1, 9 Gardner Close, MILTON, QLD, 4064

### 2.5 Nominated contact person

Damian Galvin

Company Secretary

Phone: (07) 3721 7500

Mobile: 0413 245 575

Email: [company.secretary@renuenergy.com.au](mailto:company.secretary@renuenergy.com.au)

### 2.6 Form of energy sought

Electricity

### 2.7 Date to commence retail operations

Subject to obtaining a Retailer Authorisation, ReNu Retail intends to commence offering retail services for electricity on or around 17 April 2018.

### 2.8 Nature and scope of operations

ReNu Retail is a newly incorporated, wholly owned subsidiary of ReNu Energy based in Brisbane, Queensland. ReNu Energy is the ultimate holding company of the ReNu Group (please refer to the ReNu Group corporate structure diagram at section 1.1 above).

ReNu Energy is a clean energy products and services company which delivers independent power solutions using a build, own, operate and maintain model. The ReNu Group's solar PV and embedded network projects generate electricity either at our customer's premises and deliver directly to the customer behind the meter, or export electricity under long-term power purchase agreements, feed in tariffs or for sale to the National Electricity Market, providing electricity to its customers in the commercial, industrial and agricultural sectors.

Through the development of embedded networks incorporating solar generation, ReNu Retail will be able to provide its future customers with renewable energy, at a lower price, with no upfront cost. A retailer authorisation will allow ReNu Energy to co-ordinate metering changes and implement smarter ways of purchasing and managing electricity.



ReNu Retail will partner with experienced and reliable suppliers to assist with the provision of customer services, billing and call centre facilities. The ReNu Group has an existing commercial relationship with Ausgrid Business Services (now known as PLUS ES<sup>1</sup>) for the provision of these services. As such, ReNu Retail intends to enter into an agreement with PLUS ES to provide these services to its customers<sup>2</sup>. As part of the agreement, PLUS ES will also be the metering provider to ReNu Retail's customers, supplying, installing, reading and maintaining meters and acting as the embedded network manager in the embedded networks which the ReNu Group intends to operate.

In addition, ReNu Retail will be enlisting the support of Compliance Quarter Pty Ltd (**Compliance Quarter**) to supply compliance related services, systems and software to ensure regulatory obligations are met.

ReNu Retail has a committed pipeline of four initial SCA shopping centres which will have a total of approximately 130 tenants attached to the solar PV embedded networks. The first, Griffin Plaza in Griffith, NSW is scheduled to commence operations in March 2018 and is covered by an individual exemption from the requirement to hold a retailer authorisation granted to EN Trust by the AER. ReNu Retail is seeking a retail authorisation to grow the solar PV embedded network business, with a focus on commercial properties.

For more details regarding ReNu Retail's business model, please refer to ReNu Retail's Business Plan at **Appendix A**, provided on a commercial in confidence basis.

## 2.9 Jurisdictions intended for retailing

ReNu Retail intends to retail electricity in all Australian jurisdictions in the National Electricity Market (**NEM**) being: Queensland, New South Wales, Australian Capital Territory, Victoria, South Australia and Tasmania.

ReNu Retail intends to concentrate its electricity retailing activities in NSW and South Australia initially.

## 2.10 Type of customers

ReNu Retail intends to sell electricity to off-market customers who access electricity from embedded networks. These customers will be predominately small business customers, but may include large business customers who choose to be part of the embedded networks.

## 2.11 Former licences held in this and or other jurisdictions

ReNu Retail has not previously held a retailer authorisation in any jurisdiction in Australia or overseas.

## 2.12 Previous unsuccessful licence applications

ReNu Retail has not previously had any unsuccessful licence applications in Australia or overseas.

## 2.13 Licences held by associates of the applicant

No associates of ReNu Retail have held a Retailer Authorisation in any Australian jurisdiction.

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<sup>1</sup> From 1 December 2017, Ausgrid Business Services rebranded to PLUS ES. As a newly established group under common ownership with Ausgrid, PLUS ES incorporates Ausgrid's metering and data business and provides infrastructure services, as well as emerging energy solutions.

<sup>2</sup> EN Trust, has previously entered into an agreement with PLUS ES for the provision of customer services, billing and call centre facilities. In addition, EN Trust has also engaged PLUS ES to be the metering provider to its Griffin Plaza customers; supplying, installing, reading and maintaining meters and acting as the embedded network manager.



The following table summarises the authorised network and retail exemptions held by associates of ReNu Retail within the ReNu Group.

**ReNu Group - current exemptions**

Entity	Type	Class	Date of issue	Customer	Refer to
EN Project Company One Pty Ltd as trustee for the EN Project Trust	Retail Exemption	Individual	8/11/2017	Griffin Plaza	Appendix B(i)
EN Project Company One Pty Ltd as trustee for the EN Project Trust	Network Exemption	Registrable exemption classes NR1, NR5	10/11/2017	Griffin Plaza	Appendix B(ii)
SM Project Trust	Retail Exemption	R8	30/10/2017	Southern Meats	Appendix B(iii)
Quantum Power Pty Ltd	Retail Exemption	Individual	23/10/2015	Exemption limited to sale of electricity through power purchase agreements to off market embedded network customers	Appendix B(iv)
GDY Solar Pty Ltd	Retail Exemption	Individual	15/5/2015	Exemption limited to the sale of electricity through solar power purchase agreements	Appendix B(v)

**2.14 Licence conditions**

ReNu Retail does not seek any non-standard licence conditions.





### 3 Organisational and technical capacity

#### 3.1 Previous experience as an energy retailer

ReNu Energy, ReNu Retail's parent company, has previous experience as an energy retailer through its subsidiary, Quantum Power Pty Ltd under an individual retail exemption (attached at **Appendix B(iv)**). Since 2010, the ReNu Group has sold approximately 350,000kWh of electricity per month through a behind the meter Power Purchase Agreement (**PPA**) to a commercial customer, A.J. Bush & Sons (Manufactures) Pty Ltd, via the operation of a biogas to power generation facility on the customer's property at Beaudesert in Queensland. Under this PPA, metering and reading is supplied by Metering Dynamics and billing is conducted monthly to the customer and managed directly by ReNu Energy.

ReNu Energy's Board and senior executives have a very broad array of skills and experience. The directors have significant experience in governing start-up and mature entities in the renewable energy sector. Additionally, ReNu Energy's senior executives have considerable hands-on operational experience and customer relationships relevant to our chosen market sector. ReNu Energy has deep experience with managing sales, service, financial and credit risks and customers in the energy sector, which ReNu Retail intends to leverage to drive the growth of a new electricity retail business.

ReNu Retail is being developed by ReNu Energy and has the experience and capacities of the ReNu Group at its disposal. The development of the existing business streams within the ReNu Group has provided extensive experience in customer service and has developed the risk management, compliance, and quality assurance systems and procedures which, when combined with support as required from external service providers such as Ausgrid/PLUS ES and Compliance Quarter, will support the retail operations of ReNu Retail.

#### 3.2 Energy market experience

ReNu Energy has experience in the management of anaerobic digestion bioenergy systems and associated electricity generation plant. The company currently owns and operates a 1MWe bioenergy facility at the AJ Bush rendering plant in Beaudesert, Queensland and a 1.6MWe bioenergy facility at the Southern Meats abattoir in Goulburn, New South Wales. ReNu Energy has been retailing electricity produced from biogas to AJ Bush since 2010 and to Southern Meats from February 2018, with billing conducted in house direct to the customer.

ReNu Energy has a well-credentialed board of directors and executive team, experienced in strategic planning, governance, business development, policy and management.

ReNu Energy has recruited staff with extensive retail energy experience covering risk management, compliance, operations, sales, marketing and customer service functions. A summary of qualifications, technical skills and experience of personnel relevant to meeting the requirements of the retailer authorisation, are detailed in sections 3.5 and 3.6.

#### 3.3 Organisational Structure

The organisation chart at **Appendix C** (provided on a commercial in confidence basis) provides an overview of ReNu Group's organisational structure which supports the operations of ReNu Retail (further discussed in section 3.4).



The below diagram outlines the current structure for the support functions and responsible officers within the ReNu Group.



The CEO and Board of ReNu Energy are responsible for the corporate strategy, corporate governance and standards of conduct across the ReNu Group, including having oversight of these matters in respect of ReNu Retail.

The key operational areas of the ReNu Group that will support the day-to-day operations of ReNu Retail include:

- Retail Operations - Solar power development, embedded networks and project management, including outsourced embedded network manager and metering provider services; and
- Retail Channels & Solar Business – Energy sales, pricing, marketing and retail customer management, including outsourced contact centre, billing and compliance services.

In addition, ReNu Retail will also receive day-to-day support from the Legal & Regulatory, Information Technology & Office Administration and Finance business units of the ReNu Group.



### 3.4 Employees

ReNu Retail’s Business Plan calls for a limited number of additional staff to manage business development, sales and operations. In the early stages, ReNu Retail will draw upon its parent company's infrastructure and personnel to manage and operate the energy retail business.

The following table details the employees and contractors of ReNu Energy that will be involved in the retail operations of ReNu Retail and indicates the business functions, number of employees and company officers who are responsible for those functions within the business.

Business function	Number of employees	Responsible Officer
Company strategy	1	Craig Ricato
Retail operations	4	Warren Leitao
Retail channels, retail compliance & solar business	3	Christopher Allison
Customer engagement & strategic marketing	1	Georgie O’Connor
Finance & Company Secretary	3	Damian Galvin
Legal & regulatory	1	Craig Ricato
Corporate communications, office administration & information technology	2	Friederike Graser

Summaries of the qualifications, technical skills and experience of the key individuals within the ReNu Group who will be involved in the ReNu Retail business are outlined below.

### 3.5 Directors, Officers and Secretary

The Board of Directors and Secretary of ReNu Energy are responsible for governance, leadership, strategic direction and standards of conduct for the ReNu Group, including ReNu Retail. The Acting CEO and the Secretary of ReNu Retail, Mr Craig Ricato and Mr Damian Galvin respectively, are also officers of ReNu Energy. Mr Steve McLean is the Director of ReNu Retail. Directorships are currently under review.

As an ASX-listed company, ReNu Energy maintains a comprehensive system of internal controls and risk management practices across the group and complies with the ASX Corporate Governance Principles and Recommendations. A brief overview of their experience is summarised below.

#### 3.5.1 Mr Steve McLean

##### Non-Executive Chairman

##### B.Economics

Steve McLean has over eighteen years’ experience in investment banking and equity capital markets. He commenced his career with Ernst & Young Corporate Finance, before working with J.P. Morgan in Australia and Europe. He has led equity transactions which have raised over \$50 billion. Mr McLean is also a Non-Executive Director of ASX listed Litigation Capital Management Ltd.



### 3.5.2 Mr Craig Ricato

#### **Chief Executive Officer (Acting)**

**LLB (First Class Honours), BCom, GDipLP, AdvCert Policing, AdvDip Investigative Practices**

Mr Craig Ricato was appointed Acting Chief Executive Officer of ReNu Energy effective from 5 April 2018. Mr Ricato is also Acting Chief Executive Officer of ReNu Retail. Craig has been working with the company as a contracted advisor for the past 6 months in the capacity as ReNu Energy's Legal Counsel, so is well positioned to manage the business during this transition period. Craig will continue to oversee compliance with consumer laws and the Retail Law and Retail Rules, as well as any relevant provisions of the National Electricity Law and Rules, and jurisdictional energy legislation.

Mr Craig Ricato is a qualified legal practitioner and experienced listed company General Counsel and Company Secretary, Executive Director and Non-Executive Director. Craig has 17 years' experience in Legal Counsel & Executive Advisory across the energy, industrial services, construction and resource sectors. Craig's Practice specialisations include complex M&A transactions, business and corporate structuring, project development, finance and corporate governance.

Craig is experienced in the energy industry, he held various roles with Linc Energy over 8 years including CEO & Managing Director, General Counsel & Company Secretary, and Executive Director (Legal & Corporate Affairs). Linc Energy was a diversified energy company, with interests in oil & gas resources, coal resources, unconventional gas production and the development of downstream gas treatment technology.

Craig holds a Bachelor of Laws (First Class Honours) from Queensland University of Technology, Bachelor of Commerce from University of Queensland and a Graduate Diploma of Legal Practice from College of Law, NSW, Legal Practice Management Course - Queensland Law Society, Advanced Certificate in Policing - Queensland University of Technology and Advanced Diploma in Investigative Practices - Queensland Police Detective Training College.

Craig is a qualified Legal Practitioner of the Supreme Court of NSW, Supreme Court of Queensland and the High Court of Australia. Craig is a Member of the Australian Institute of Company Directors, Member of the Queensland Law Society (current practicing certificate held), Member of the Turnaround Management Association Australia and a Member of the Australian Mining and Petroleum Law Association. Craig Ricato's CV is attached at **Appendix D(i)** (provided on a commercial in confidence basis).

### 3.5.3 Mr Anton Rohner

#### **Non-Executive Director**

**B.Bus, CPA**

Anton Rohner currently holds the position of Chief Executive Officer for UPC Renewables, and has over twenty years' experience in management, development and finance in the renewable energy and resources sectors. For over five years, he held CFO roles for ASX200 listed companies. Mr Rohner was Managing Director for Renewable Energy and Utilities at Macquarie Bank in Hong Kong where he was responsible for advising and securing developments in renewable energy and utilities across Asia and Africa. He was also Managing Director, Asia, for Roaring 40s, a partnership between China Light & Power and Hydro Tasmania, to develop and operate sources of renewable energy throughout Asia and Australia. This partnership developed and financially closed over 2,000MW of wind projects in Asia and Australia.

### 3.5.4 Mr Richard Brimblecombe

#### **Non-Executive Director**

**MBA & MAICD**

Mr Brimblecombe is an experienced executive in the agri-business and finance sectors, with a deep industry knowledge of agribusiness and agricultural finance. Mr Brimblecombe has experience in operation



of agri-business gained through senior leadership roles at Namoi Cotton, Australia's leading cotton processing and marketing organisation, and as General Manager for Qld/NT for Landmark Services, a leading rural services business. Mr Brimblecombe has also served in senior executive roles in the finance industry, specialising in lending to the rural sector, including as Head of Specialised Agribusiness Solutions (Qld/NT) for Commonwealth Bank of Australia and Chief Executive Officer of StockCo (Australia) Pty Ltd, Australia's and New Zealand's largest specialist livestock financier. Most recently Mr Brimblecombe served as Executive Chairman of Quantum Power Limited. Mr Brimblecombe holds an EMBA from Bond University and is a Member of the Australian Institute of Company Directors.

### 3.5.5 Mr Damian Galvin

#### **CFO & Company Secretary BBus (Accounting), CA**

Mr Damian Galvin joined ReNu Energy as Chief Financial Officer and Company Secretary in 2017. Mr Galvin is also the Company Secretary of ReNu Retail.

Mr Galvin is a Chartered Accountant with over 25 years of experience in the management of all aspects of the financial and corporate affairs of fast-growing companies in the energy and resources sector in Australia and overseas.

A former Chief Financial Officer and Company Secretary of coal seam gas pioneer, Queensland Gas Company Limited, Mr Galvin headed QGC's corporate function for five years from 2001, as the company grew from a junior CSG explorer to a significant gas producer.

Mr Galvin subsequently guided WestSide Corporation Ltd through an IPO in 2006 as Chief Financial Officer and continued to lead the finance and corporate functions through the acquisition of a controlling interest in the Dawson CSG fields in 2010 through until after its takeover and subsequent de-listing in 2014.

He gained his initial financial and commercial experience with Price Waterhouse and Premier Oil plc and more recently was Chief Financial Officer of White Energy.

Mr Galvin is responsible for management of all aspects of ReNu Energy's financial and corporate affairs including investor relations, financial reporting and compliance, equity-raising, Board reporting, ASX compliance, IT management, debt financing, treasury management, corporate structure, insurance and corporate governance.

## 3.6 Executive team

Under the leadership of Acting Chief Executive Officer, Mr Craig Ricato, the executive team is responsible for managing company operations and implementing the business strategy of the ReNu Group, including the day-to-day operations of ReNu Retail.

Please refer to **Appendix D(ii)** – Key Officers Experience (provided on a commercial in confidence basis).

## 3.7 External skills and functions

ReNu Retail will be drawing on external skills and functions where required.

The ReNu Group will purchase and own all meters associated with the ReNu Retail business and ReNu Retail will operate an outsourced model for its meter installation, meter readings, meter data processing, customer billing and call centre facilities (**embedded network services**). As noted in section 2.8 above, ReNu Retail intends to enter into an agreement with Ausgrid Business Services (now known as PLUS ES) to provide these services on a year-to-year basis, with automatic renewals. Consistent with the existing contractual agreement between EN Trust and Ausgrid, the agreement with PLUS ES will include contractual obligations upon PLUS ES to provide the embedded network services to a professional standard and in compliance with all regulatory requirements (including the National Energy Retail Law and



National Energy Retail Rules). Refer to **Appendix E(i)** (provided on a commercial in confidence basis) for Ausgrid/PLUS ES's services presentation and credentials.

Ausgrid has the experience and technical capacity to assist ReNu Retail to meet its regulatory obligations. Ausgrid delivers a safe and reliable electricity supply to more than 1.7 million homes and businesses across New South Wales. Supplying electricity since 1904, Ausgrid is an industry leader in distributing electricity and providing energy services. Ausgrid's network area covers 22,275 square kilometres. From 1 December 2017 Ausgrid Business Services rebranded as PLUS ES. A newly established group under common ownership with Ausgrid, PLUS ES incorporates Ausgrid's metering and data business and provides infrastructure services, as well as emerging energy solutions.

The following functions will be provided by PLUS ES to ReNu Retail:

- Meter installations for head meters and embedded network meters;
- Meter reading;
- New customer connections;
- Generation of customer invoices and reminder notices;
- Issuing customer invoices and reminder notices;
- Accounts receivable function;
- Manage inbound phone calls and emails from ReNu Retail's embedded customers related to billing enquiries; and
- Embedded Network Management services.

ReNu Retail will put in place a Compliance Committee and will utilise the services of Compliance Quarter to support its compliance management program. Compliance Quarter provides both online and offline compliance management services. Compliance Quarter has the experience and technical capacity and tools to assist ReNu Retail to meet its regulatory obligations. Refer to **Appendix E(ii)** (provided on a commercial in confidence basis) for Compliance Quarter's credentials.

Compliance Quarter will be supplying compliance related services and systems to ReNu Energy including access to an online compliance system called the Compliance HUB. The Compliance HUB includes various modules, including:

- (a) Registry: the registry is a central area where obligations are listed in a table format, categorised according to likelihood and consequence of a breach. Controls are also listed in the registry against each obligation. The registry will be updated when regulatory changes come into effect or when the business operates in a new regulatory area or new jurisdiction. Controls in the registry are linked to the other components of the Compliance HUB;
- (b) Training and assessment: Units in the training and assessment module include Explicit Informed Consent, customer hardship, billing (incorporating estimation of bills, frequency and content, under charging and overcharging), disclosures to potential customers, and managing customer complaints;
- (c) Documents: the documents module includes all of the policies and procedures of ReNu Retail, as well as source regulatory documentation. The documents in the documents module are cross-linked to the registry, where documents are controls for regulatory obligations;
- (d) Calendar: the calendar module will list all regulatory reporting obligations including performance and compliance reporting. The calendar itself is a control in compliance with the obligation to submit reports to regulatory bodies;



- (e) Forms: any potential breaches of regulatory obligations can be captured by the forms included in the forms module. Potential breach reports are then immediately sent to the ReNu Retail Compliance Committee for assessment and action; and
- (f) Updates: the updates module is made up of regulatory updates published by Compliance Quarter. Regulatory updates will be published where changes to regulation are likely or where other important developments have occurred. The Compliance HUB has the capability to measure how long staff have taken to read a regulatory update.



## 4 Business Plan

ReNu Retail's Business Plan is attached at **Appendix A** (provided on a commercial in confidence basis).

The Business Plan includes, but is not limited to, ReNu Retail's strategic direction objectives, forecast results and detailed assumptions.

The Business Plan addresses the following:

- The market and customer segments that ReNu Retail will operate in;
- The ReNu Retail business model for retailing energy;
- ReNu Retail operational forecasts and detailed assumptions; and
- ReNu Retail's risk management framework.

The core of ReNu Retail's Business Plan is to on-sell electricity to small and large non-residential customers within embedded networks as an authorised retailer. ReNu Retail does not currently intend to be a market participant and retail to market meters.





## 5 Compliance Strategy

ReNu Retail understands that electricity is an essential service. Retailing of such services is subject to various and wide-ranging legislative and regulatory instruments, and an industry framework that ensures efficient and effective market operations and management including reliable, open access to all end users.

ReNu Retail will draw on the industry experience of internal resources and external advisors, including Compliance Quarter, to meet all the applicable retailer authorisation obligations and statutory, industry and technical requirements.

### 5.1 Knowledge and understanding of obligations

ReNu Retail understands the obligations imposed on authorised retailers under the Retail Law and Retail Rules and applicable statutory, industry and technical requirements of the jurisdictions in which we intend to operate. These obligations are outlined in the Obligations Register, attached at **Appendix F** (provided on a commercial in confidence basis). This Obligations Register forms part of ReNu Retail's compliance framework and supports ReNu Retail to manage compliance risks and ensure obligations are met. ReNu Retail is mindful of the current regulatory review being undertaken, particularly with respect to embedded networks. If, as a result of the regulatory review, there are changes to requirements ReNu Retail (in consultation with its established network of legal and subject matter expert consultants) will do everything necessary to ensure continuing compliance.

### 5.2 Meeting compliance obligations

As ReNu Retail is a recent business start-up, one of our initial priorities has been to identify the quality assurance and standards accreditations that are required and to develop work streams to implement them. ReNu Retail is committed to meeting its compliance obligations and implementing Compliance Policies and Procedures in accordance with Australian Standard AS ISO 19600:2015 (Compliance management systems). In addition, ReNu Retail will leverage off the experience and systems which ReNu Energy has in place as part of its listed company compliance framework.

#### 5.2.1 Corporate governance

The ReNu Group, including ReNu Retail, has compliance monitoring and obligations procedures that are governed by the Audit & Risk Management Committee. The primary objective of the Audit & Risk Management Committee is to assist the Board of Directors in its responsibilities relating to accounting and reporting practices, corporate risk assessment and the internal controls of the ReNu Group, including ReNu Retail, so as to ensure that each group company fulfils its statutory and fiduciary responsibilities.

The Audit & Risk Management Committee adheres to the ReNu Energy Audit & Risk Management Committee Charter (outlined at **Appendix G**, provided on a commercial in confidence basis).

#### 5.2.2 Retailer authorisation obligations

ReNu Retail has developed a Retailer Authorisation Compliance Policy (attached at **Appendix H(i)**, provided on a commercial in confidence basis). Compliance Quarter has undertaken an independent review of the policy so as to ensure that it complies with AS ISO 19600:2015. An external audit of the Retailer Authorisation Compliance Policy has been completed (attached at **Appendix H(ii)**), provided on a commercial in confidence basis).

### 5.3 Complaint and dispute resolution procedures

ReNu Retail understands its obligation to ensure complaints and disputes are dealt with in a timely and compliant manner. To ensure compliance ReNu Retail has developed a Complaints and Dispute Resolution



Policy in accordance with Australian Standard AS ISO 10002-2006 with which it will adhere to in dealing with any complaints and disputes with customers (attached at **Appendix I**).

#### 5.4 Skill and/or knowledge gaps

ReNu Retail has access to the required expertise and capacity to meet its initial retail business needs. As the business grows, resource needs will be evaluated and when necessary, ReNu Retail will provide training, draw on experienced third-party providers and/or recruit the necessary skills to ensure licence obligations and customer expectations are met.

Companies within the ReNu Group have developed robust and effective Recruitment and Selection Policy & Procedure. ReNu Retail will utilise the same Recruitment and Selection Procedures framework to develop procedures for electricity retailing operations (included in this application at **Appendix J**, provided on a commercial in confidence basis) so as to ensure that the most suitable applicant for any vacant position is employed, and that the recruitment and selection process is based on the principles of fairness, equity and merit.

ReNu Retail's learning and development programs and activities are governed by the Training and Development Policy (attached at **Appendix K(i)**), provided on a commercial in confidence basis).

In addition, ReNu Retail will leverage off the training procedures that ReNu Energy has in place.

Training will be undertaken to provide for existing employees and as part of the employee induction process for new employees, in accordance with the ReNu Energy Personnel Induction Handbook (attached at **Appendix K(ii)**, provided on a commercial in confidence basis). A training register is used as an internal monitoring and reporting tool to ensure that all required training has been undertaken.

Additional training will be implemented where specific deficiencies in knowledge or skills are identified via internal review and monitoring processes.

Our Solar Business Manager and Acting CEO are responsible for staying updated on regulatory and legislative changes, with the support of external advisors, and ensuring these changes are communicated across ReNu Retail, as well as updating and validating internal training modules to reflect these changes.

#### 5.5 Risk Management

ReNu Retail has adopted the ReNu Energy Risk Management Plan which defines the process flow to implement risk management strategies across all organisational activities in accordance with the requirements of AS/NZS ISO 31000: 2009 (Risk Management). Compliance Quarter has undertaken an independent review of the Risk Management Plan so as to ensure that it complies with AS/NZS ISO 31000: 2009 (attached at **Appendix L(i)**, provided on a commercial in confidence basis). An external audit of the Risk Management Plan has been completed (attached at **Appendix H(ii)**).

The ReNu Retail Risk Matrix and descriptors of exposure encompass Health and Safety; Environment; Community & Reputation; Legal and Compliance; and Financial and Commercial (attached at **Appendix L(ii)**, provided on a commercial in confidence basis).

#### 5.6 Additional information in relation to risk management

##### 5.6.1 Retail contracts

ReNu Retail has worked with Clayton Utz to develop a Market Retail Contract to ensure that the long-term interests of its consumers have been considered (the ReNu Retail Energy Market Retail Contract Terms and Conditions are attached at **Appendix M(i)**, provided on a commercial in confidence basis). ReNu Retail has also developed a Customer Disclosure Statement & Charter to provide small business electricity customers with a summary of what they can expect from ReNu Retail, and other important information



(attached at **Appendix M(ii)**, provided on a commercial in confidence basis). ReNu Retail understands that energy is an essential service for all customers and that some residential customers may on occasion fall into financial hardship. Although we do not intend to retail to residential customers, we understand our obligation under the Retail Rules to have a Hardship Policy to prevent the use of de-energisation for any residential customers that fall into financial hardship (attached at **Appendix M(iii)**, provided on a commercial in confidence basis).

### 5.6.2 Insurance

The required insurance coverage is in place for ReNu Energy Limited and its subsidiaries, including ReNu Retail. Insurances are managed by the Chief Financial Officer and include:

- Workers compensation
- Professional indemnity
- Directors and Officers liability insurance
- Public liability insurance
- Product liability
- Business assets insurance

Certificates of currency can be provided on request.

### 5.6.3 Privacy Policy

The ReNu Group has developed a Privacy Policy with which ReNu Retail will comply with so as to ensure the personal information of its customers is handled correctly (attached at **Appendix N**).

## 5.7 Steps taken to obtain membership of relevant energy industry ombudsman schemes

ReNu Energy will initially focus on NSW and South Australian markets. ReNu Energy has contacted the Energy and Water Ombudsman QLD, the Energy and Water Ombudsman NSW and Energy and Water Ombudsman SA and advised them of its intention to submit membership applications in the event that its retail authorisation application to the AER is successful. ReNu Retail will register with the Ombudsmen for each particular jurisdiction, prior to commencing operations within those states. Correspondence with the respective Ombudsman is attached at **Appendix O(i)-(iii)** (provided on a commercial in confidence basis). ReNu Retail will notify the AER of any changes to participation in energy industry ombudsman schemes.

## 5.8 Third party providers and arrangements with relevant market participants

As at the date of making this application, ReNu Retail intends to be the account holder for the parent meters of the embedded networks and will retail electricity within the embedded networks only. Therefore, ReNu Retail will not be a Financially Responsible Market Participant (**FRMP**) for any NMI meter. ReNu Retail will enter into contracts for the parent meters with commercial retailers for the supply of energy to the parent meters of the embedded networks.

As ReNu Retail will only be selling electricity to customers within embedded networks, Retailer of Last Resort (**RoLR**) Scheme under Part 6 of the National Energy Retail Law is not applicable to its operations. ReNu Retail's business model is relatively low risk compared to electricity retail businesses that are exposed to the wholesale electricity market. However, in the event of ReNu Retail being unable to continue because of business failure, as a substitute for RoLR protections there will be in place arrangements to ensure continuance of electricity supply. These arrangements are as follows:



- Shopping centre owners continue to own the embedded network (i.e. the physical wiring) throughout their buildings and, under the terms of the licence agreement with the embedded network operator, the owner will have step in rights if the embedded network operator's contract is terminated, for example because of failure to make payment or an insolvent event. These step-in rights enable the owner to re-enter and take possession of the embedded network and take reasonable steps to mitigate loss, which would include appointing another appropriately authorised entity to ensure the continuing electricity supply to its tenants and the building's common areas.
- The parent meter retail supply contract will be novated to the entity replacing ReNu Retail.
- All meters installed within the embedded network are NEM compliant smart meters and all are issued with market NMI's.
- ReNu Retail will supply electricity into embedded networks which are installed to be fully compliant with the 'Power of Choice' requirements, enabling tenants within the embedded network to source retail contracts from alternative electricity retailers.

As at the date of making this application, ReNu Retail will source the electricity it is selling to its customers from:

- EN Trust (which is a related entity of ReNu Retail) - EN Trust generates electricity using solar photovoltaic panels on the roofs of, and connected to the embedded networks within, buildings in which ReNu Retailer's customers are located, and sells that electricity to ReNu Retail pursuant to a Power Purchase Agreement (relying on Deemed Exemption class D8 of the AER (Retail) Exempt Selling Guideline); and
- the authorised retailer which is the FRMP for the parent meter on the embedded networks in which ReNu Retailer sells electricity - ReNu Retail will have in place an electricity purchase agreement with this authorised retailer, and will use this electricity to supplement the electricity it purchases from EN Trust to ensure its customers continue to have electricity where load exceeds the output of the solar panels on the roof of the relevant site.



## 6 Financial capacity

### 6.1 Related companies structure

Details of ReNu Retail's ownership structure and major shareholders are provided in **Appendix P** (provided on a commercial in confidence basis).

### 6.2 Current financial position – parent company support

ReNu Energy provides ongoing financial support to ReNu Retail for all of its activities as required, including for business set up costs and ongoing working capital.

ReNu Energy's commitment to support ReNu Retail is formalised through a Parent Company Guarantee under which ReNu Energy guarantees the due performance of its wholly owned subsidiary, ReNu Retail, of its legal, contractual, statutory and other obligations arising in connection with its activities as a retailer under the National Energy Retail Law (attached at **Appendix Q**, provided on a commercial in confidence basis).

ReNu Energy and its Group have sufficient cash resources and financial facilities to settle their expected obligations in the 12 months from February 2018. On this basis, the Group is considered to be a "Going Concern" – as explained more fully in Note 2B (paragraph 2) of the Half Year Financial Statements for the period ended 31 December 2017 (**Appendix R(ii)**). In section 6.4 of this application, ReNu Energy's CEO and Auditor have provided written declarations supporting this position.

It is acknowledged in the Business Plan (**Appendix A**) and in Note 1B of the Half Year Financial Statements for the period ended 31 December 2017 (**Appendix R(ii)**) that additional funds will be required in order to grow the business beyond 12 months in accordance with the desired Business Plan. While it is uncertain that this additional funding will be available in the future, the Director believes that the Company will be able to access additional funds by way of equity or debt to support these plans. The Group's arrangements for access to additional capital are set out in more detail in section 6.5 of this application.

### 6.3 Financial reports

ReNu Retail is a recently created company and has not commenced business trading activities.

Copies of ReNu Energy's audited financial reports for the year ended 30 June 2017 are attached at **Appendix R(i)** and the Half Year Financial Statements for the period ended 31 December 2017 are attached at **Appendix R(ii)**. These financial reports include all financial statements required by the accounting standards and notes to the financial statements.

### 6.4 Written declarations

Written declarations regarding ReNu Retail's financial resources are included in this application as follows:

- ReNu Retail's Chief Executive Officer confirming that ReNu Retail is a going concern with no known impediments to its ability to operate as an electricity retailer – **Appendix S** (provided on a commercial in confidence basis).
- Independent auditor confirming that no insolvency action has occurred in respect to ReNu Retail and that they are unaware of any other factor that would impede on ReNu Retail's ability to finance its energy retail activities under the authorisation – **Appendix T** (provided on a commercial in confidence basis).

### 6.5 Arrangements for access to additional capital

To date, the ReNu Energy Group has been successful in funding new projects through a combination of borrowings, Government grants and equity from new and existing shareholders.



As an ASX-listed company, ReNu Energy has access to equity through the issue of new shares to existing shareholders and new investors. In 2017, for example, ReNu Energy raised \$1.4 million through share placements and a Rights Issue in March/April and \$2.2 million via a Share Purchase Plan in November. ReNu Energy currently has the ability to raise up to 25% of its issued capital through share issues to new investors without requiring shareholder approval and can also offer shares to existing shareholders.

In addition to access to capital markets, ReNu Energy has mandated the Infradebt Ethical Infrastructure Debt Fund (Infradebt) to provide initial debt facilities of \$10 million to fund solar projects within the ReNu Group. Infradebt is an ethically screened funds manager specialising in lending to Australian renewable energy and social infrastructure projects. In February 2018, ReNu Energy completed an initial \$1.4 million drawdown under this mandate for the acquisition of a solar project in the ACT. ReNu Energy is currently finalising the terms of a facility with Infradebt of up to \$3 million to fund the completion of the four embedded network projects currently under construction.

ReNu Energy is also in discussions with other asset finance and leasing companies to provide facilities to fund other solar projects and is seeking finance secured over the income stream from its existing bioenergy generation assets to provide additional working capital.

ReNu Energy will utilise its access to new equity and finance facilities as and when necessary to support the ongoing activities of ReNu Retail in accordance with its commitments noted in section 6.2 above.

## 6.6 Bank guarantees

ReNu Retail is aware of the requirement for energy retailers operating outside of embedded networks to provide bank guarantees to the network distribution companies and AEMO for credit support and prudential requirements.

If this becomes relevant to ReNu Retail in the future, prior to market entry, ReNu Retail will ensure all required financial guarantees are secured for, and provided to, these trading counterparts.

ReNu Energy has established relationships with banking and financial institutions and is confident that any required bank guarantees can be secured for ReNu Retail in the future.

## 6.7 Forecast revenue and expenditure

Forecast revenue and expenses are detailed in the Business Plan at **Appendix A** (see section 11.3 of Appendix A, provided on a commercial in confidence basis). This forecast is consistent with ReNu Retail's business plan and includes all key assumptions and risks.



## 7 Suitability criterion

### 7.1 Applicants declaration

Signed declarations regarding the suitability of the ReNu Energy and ReNu Retail directors and key officers involved in the day-to-day operation of ReNu Retail are attached at **Appendix U(i)** (provided on a commercial in confidence basis).

### 7.2 Material failures, revocation of authorisations and legal actions

There have not been any material failures, revocation of authorisations, failed authorisation applications or legal actions by or against the officers of ReNu Retail and/or the Board or officers of ReNu Energy. An officer's declaration from ReNu Energy's Acting CEO, Craig Ricato, and CFO, Damian Galvin, to this effect is contained in **Appendix U(ii)** (provided on a commercial in confidence basis).

### 7.3 Criminal History Check

Criminal history checks on any directors or officers of ReNu Retail and/or ReNu Energy named in this application will be provided on request.

### 7.4 Names and addresses of key officers

The names and current residential addresses of directors or officers of ReNu Energy and ReNu Retail named in this application are attached at **Appendices V(i) and (ii)** respectively (both appendices provided on a commercial in confidence basis).

### 7.5 Policies and procedures addressing the probity and competence of officers and other key management staff

ReNu Retail has adopted the ReNu Energy policies and procedures addressing the probity and competence of officers and other key management staff which are outlined in the appendices (provided on a commercial in confidence basis) as follows:

- **Appendix W** – Directors Code of Conduct
- **Appendix X** – Corporate Governance Statement
- **Appendix Y** – Board Charter
- **Appendix G** – Audit & Risk Management Committee Charter
- **Appendix Z** – Business Integrity Policy





## 8 Appendices

Attached is the supporting documentation in relation to this application. The attached documents include:

Appendix	Confidential
A. ReNu Retail Business Plan	Yes
B. ReNu Group - Current exemptions	
(i) Retail Exemption (Individual), Griffin Plaza, NSW	No
(ii) Network Exemption (Registered), Griffin Plaza, NSW	No
(iii) Retail Exemption (R8), Southern Meats abattoir, Goulburn NSW	No
(iv) Retail Exemption (Individual), Exemption limited to the sale of electricity through power purchase agreements to off market embedded network customers	No
(v) Retail Exemption (individual), Exemption limited to the sale of electricity through solar power purchase agreements	No
C. ReNu Energy organisation chart	Yes
D. Key Personnel Experience	
(i) Acting CEO, Craig Ricato, - CV	Yes
(ii) Key Officers Experience	Yes
E. External provider credentials	
(i) Ausgrid's services presentation and credentials	Yes
(ii) Compliance Quarter's credentials	Yes
F. Obligations Register	Yes
G. Audit & Risk Management Committee Charter	Yes
H. Retailer authorisation compliance	
(i) Retailer Authorisation Compliance Policy	Yes
(ii) External audit of Retailer Authorisation Compliance Policy	Yes
I. Complaints and Dispute Resolution Policy	No
J. Recruitment and Selection Policy and Procedures	Yes





Appendix	Confidential
K. Training and Development	
(i) Training and Development Policy	Yes
(ii) Personnel Induction Handbook	Yes
L. Risk management framework	
(i) Risk Management Plan	Yes
(ii) Risk Matrix	Yes
M. Retail terms and conditions	
(i) Market Retail Contract Terms and Conditions	Yes
(ii) Customer Disclosure Statement & Charter	Yes
(iii) Hardship Policy	Yes
N. Privacy Policy	No
O. Ombudsman schemes	
(i) Correspondence with the Energy and Water Ombudsman QLD	Yes
(ii) Correspondence with the Energy and Water Ombudsman NSW	Yes
(iii) Correspondence with the Energy and Water Ombudsman SA	Yes
P. ReNu Retail ownership structure and major shareholders	Yes
Q. Parent Company Guarantee	Yes
R. Financial reports	
(i) Audited Financial Reports for the year ended 30 June 2017	No
(ii) Half Year Financial Statements for the period ended 31 December 2017	No
S. Financial resources written declaration from Company Officer	Yes
T. Financial resources written declaration from independent auditor	Yes
U. Suitability criterion written declaration	Yes
(i) Suitability statement from Company officers	Yes
(ii) ReNu Retail officer declarations	Yes



Appendix	Confidential
V. Names and addresses of key officers	Yes
(i) Key officer details – ReNu Energy Limited	Yes
(ii) Key officer details – ReNu Retail Pty Ltd	Yes
W. Directors Code of Conduct	Yes
X. Corporate Governance Statement	Yes
Y. Board Charter	Yes
Z. Business Integrity Policy	Yes