

Real Utilities Pty Limited

Level 2, 1C Homebush Bay Drive, Rhodes, NSW 2138



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Retail Authorisation Application

Electricity

Lodgement Date	1 November 2017
Approved By	Mr Paolo Bevilacqua

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1. Introduction

This is an application by Real Utilities Pty Limited (ABN 97 150 290 814) (**RU**) for a Retail Authorisation for the sale of electricity in New South Wales and Queensland.

RU is the energy arm of Frasers Property Australia Pty Limited (**FPA**) and will on-sell electricity to consumers within embedded networks. RU has implemented strategies to ensure that consumers have a choice of electricity retailer and to ensure that consumer protections are maintained. RU has developed a unique customer proposition that will be attractive to consumers within embedded networks.

This application consists of the following:

- Part One of this document provides the Required Information: general particulars;
- Part Two of this document provides the Required information: organizational and technical capacity;
- Part Three of this document provides the Required information: financial resource;
- Part Four of this document provides the Required information: suitability; and

- Attachments to this document, as referenced throughout.

Documents clearly marked as 'Commercial in Confidence' do not form part of the public component of this application.

2. Part One: Required information – general particulars

Legal name:	Real Utilities Pty Limited (RU).
Trading name:	As above.
ABN:	97 150 290 814
ACN:	150 290 814
Registered business address:	Level 2, 1C Homebush Bay Drive, Rhodes, NSW, 2138
Postal address:	As above.
Contact person:	Name: Paolo Bevilacqua Position: CEO, RU Address: Real Utilities, Level 2, 1C Homebush Bay Drive, Rhodes, NSW 2138. Email: Paolo.Bevilacqua@realutilities.com.au Mobile: 0411 803 536 Office: (02) 9767 2113
Form of energy:	Electricity
Intended Commencement date:	15 January 2018
Nature and scope of proposed operations	RU intends to supply customers who access electricity from embedded networks at sites developed by FPA (Sites). See further in section 2.
Jurisdictions:	New South Wales and Queensland.
Type of customers:	The customers at the Sites will be predominantly residential, with only a small number of small retail customers and large commercial customers. There will be a mixture of customers who both own and or are renting (under residential or retail tenancy).

2.1 Nature and scope of operations

RU is a wholly owned subsidiary of FPA which is the Australian division of Frasers Centrepoint Limited (**FCL**). Further information on FCL is provided below.

RU is seeking to supply energy by way of embedded networks within various Sites. Electricity will be sourced from an authorised retailer for onselling to customers within the Sites. In some cases RU may also develop on-Site generation (e.g. solar PV) and sell the output to customers within the Sites.

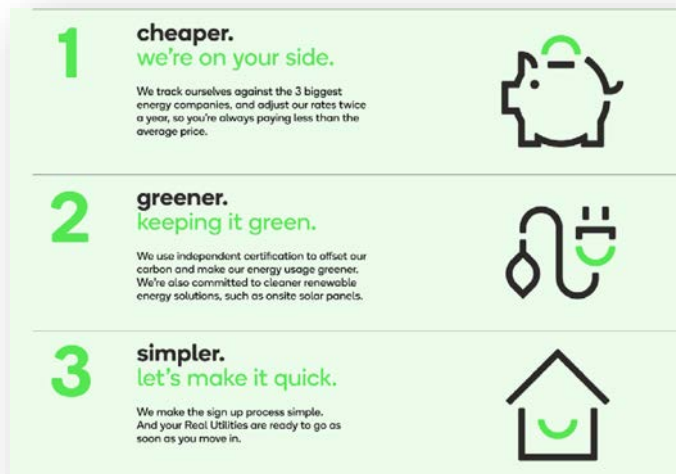
RU is focused on ensuring that its operations are consistent with the objective of Retail Law:

‘promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy’.

This will be achieved by favourable pricing, ensuring customer choice, and the implementation of systems and processes that ensure consumer protections.

Various measures have and will be put in place to ensure consumer choice and protection. RU has outsourced operations (outlined in Appendix A provided on a commercial in confidence basis) to well-known providers who have a history of compliant operations. The use of these providers ensures that the operations of RU will be compliant and customer focused.

RU has three areas of focus that define its unique selling position. These are explained in the following diagram:



2.2 Our Approach to Sustainability

RU is focused on promoting sustainability. RU will be offering energy efficient development, the future development of renewable embedded generation, and the integration of the overall development with green spaces.

Carbon credits will be purchased to offset electricity consumption at each Site to deliver carbon neutral power certified under the National Carbon Offset Standard.

The National Carbon Offset Standard sets out rigorous requirements for calculating, reducing, offsetting, auditing and reporting on emissions. For more information on National Carbon Offset Standard, please visit the Department of Energy's [Website](#).

For more information on FPA's approach to sustainability, please refer to its sustainability program, [A Different Way](#).

3. Part Two: Required information – organizational and technical capacity

Please find information below and attached demonstrating RU organisational and technical capacity. As noted above, RU has engaged with a number of industry experts and systems providers. RU has a well-developed understanding of the energy market and the various regulatory obligations of a retail authorisation holder.

Together, RU' operations will be conducted in compliance with applicable laws and to a very high standard.

3.1 Details of previous experience as an energy retailer

RU (the corporate entity) does not have experience selling energy, as it is being established as a new business unit within FPA.

In Australia FPA's corporate experience with energy selling (not electricity) and electricity on-selling is limited to:

- the design, development and operation of the very large multi-utility business at Central Park (thermal only). At the time FPA devolved operation of that enterprise to Brookfield District Energy it was servicing almost 1400 apartments and had operated seamlessly, without interruption for 4-years at present time;
- procuring the design and installation of embedded networks into the later stages of its Central Park Development where Brookfield District Energy was the on-seller under an individual exemption granted to it by the AER; and
- a small, registered embedded network in an industrial estate in South Australia which is operated by the property manager of that site.
- FPA's parent company, FCL has a significant embedded network and energy on selling business which operates in Singapore and services only FCL owned properties.

The development at Tailor's Walk, Botany NSW will be the first FPA development with an embedded network.

RU has engaged individual staff, contractors and suppliers with significant experience in the energy market. Please refer to **Annexure A** provided on a commercial in confidence basis for details on all providers and individuals involved in RU.

3.2 Third party involvement

Please refer to **Annexure A** provided on a commercial in confidence basis for details on all providers and individuals involved in RU. Copies of agreements with external providers are attached and provided on a commercial in confidence basis.

RU will manage its external providers in accordance with its Third-Party Management Process. A copy of the RU Third-Party Management Process is attached and marked **Annexure V**, provided on a commercial in confidence basis.

3.3 Business plan

FPA has established RU for the purpose of selling electricity and thermal energy to the residents and tenants of the apartment buildings and shopping centres FPA develops.

RU is intending to operate in NSW, QLD and VIC. There are no current plans to operate in the ACT, TAS, SA, WA or NT.

FPA is committed to providing residents and businesses which live in or occupy FPA developments, with centralised energy supply options that are innovative and energy efficiency focused for their energy. In providing energy through an embedded network, RU aims to provide a supply of energy that is efficient, dependable and price competitive as well as utilising renewable energy, storage and demand management options when available.

The RU core customer value proposition will be:

- Cheaper;

- Greener; and
- Simpler.

The target market is only the residents and businesses of FPA's developments and properties under management.

Please refer to **Annexure B** provided on a commercial in confidence basis for details on the RU' business plan including financials.

3.4 Compliance strategy

The directors and management of RU recognises that an effective compliance system, as defined in AS/ISO 19600:2015, is central to the company's strategy and achievement of its financial and business objectives.

RU is committed to an effective compliance program implemented in accordance with AS/ISO 19600:2015. RU Compliance Plan (**Plan**), demonstrates the extent to which the standard has guided RU.

RU understands and will implement a range of measures to ensure compliance with its regulatory obligations. RU' regulatory obligations include those under Energy Law (including the National Electricity Law, National Electricity Rules, National Energy Retail Law, National Energy Retail Rules, National Energy Retail Regulations, *Electricity Industry Act 2000* (Vic), Energy Retail Code and various supporting guidelines, codes, procedures and other instruments), the *Telecommunications Act 1997*, the *Do Not Call Register Act 2006*, the *Spam Act 2003* (Cth), *Privacy Act 1988* (Cth) and the Australian Privacy Principles and the Australian Consumer Law (as set out in Schedule 2 to the *Competition and Consumer Act 2010*).

The directors and management of RU has overall responsibility for setting and overseeing the corporate governance and compliance standards that are implemented by the Compliance Committee consisting of a member of the board, our Compliance Lead and business managers.

Ways that RU will ensure compliance include:

- The Compliance Committee: Responsible for developing and implementing the compliance program via the development of policies, procedures and training programs
- Compliance Personnel: Responsible for the day to day oversight of the compliance program of RU.
- External Advice: RU, as part of its compliance program, obtains advice on compliance and legal issues from a number of qualified external providers.
- Information Technology: RU implements a range of technological solutions that aid in the Company's compliance and implementation of the compliance program. These include the Compliance HUB, a cloud-based system that tracks regulatory obligations and assigns various controls against obligations.
- Documentation: RU has developed procedures and policies related to operational processes in order to ensure regulatory compliance. These documents are provided to employees to ensure implementation of practices in compliance.
- Compliance Risk Assessments: RU actively seeks to identify and reduce the likelihood of breaches of regulatory obligations. A Compliance Risk Assessment will be conducted looking at applicable regulatory obligations, the consequences and likelihood of a breach and appropriate controls.
- Training and Assessment: The aim of compliance training and assessment is to reinforce in all staff the understanding that regulatory compliance is core to RU' operations. External training providers will be utilised where appropriate.
- Qualified Staff: Appropriately qualified staff will be employed.
- Monitoring and Reporting: Any compliance breaches will be monitored, resolved and reported in accordance with the Plan and RU' reporting obligations.

Please find attached (provided on a commercial in confidence basis):

- **Annexure C**: RU' Compliance Plan;
- **Annexure D**: RU' Code of Business Conduct;
- **Annexure E**: RU' Compliance Reporting Procedure;
- **Annexure F Part 1 and Part 2**: RU' Hardship Policy short and long form;

- **Annexure G Part 1 and Part 2**: FPA Risk Management Policy and RU' Risk Management Procedure;
- **Annexure H**: RU' Complaints Policy;
- **Annexure I**: RU' Summary of Rights and Obligations.
- **Annexure P**: RU' Performance Reporting Procedure; and
- **Annexure Q**: RU' Privacy Policy.

The guiding principles for RU' complaints management program are contained in AS/NZ 10002:2014. Under RU' Complaints Policy Customers have a right to lodge a complaint at any time. RU Complaints Policy will be adopted and used by the provider of customer service solutions, detailed in **Appendix A**.

3.5 Risk management strategy

RU has adopted AS/ISO 31000:2009 as its base guidance document for addressing risks. AS/ISO 31000:2009 provides a generic guide for managing risk. This standard may be applied to a very wide range of activities, decisions or operations.

To be effective, risk management – like compliance – must become part of an organisation's culture. It should be embedded into the organisation's philosophy, practices and business processes rather than be viewed or practised as a separate activity.

The board of FPA has overall responsibility for ensuring that there is a sound system of risk management across the business.

The FPA board is also responsible for defining the overall risk appetite of the business, and for approving policies and ensuring that these are implemented. The FPA board will approve the Risk Management Policy and will in the normal course, approve changes and updates to it, on a case-by-case basis.

Attached to this application is a copy of the FPA Risk Management Policy and the RU Energy Risk Management Procedure which includes an assessment of risks to the business. These documents are marked as **Annexure G Part 1 and Part 2** and provided on a commercial in confidence basis.

3.6 Details of external audit of compliance and risk strategy

RU' Compliance Plan and Risk Management Procedure have undergone external review. The results of that review are attached and marked **Annexure J** provided on a commercial in confidence basis.

3.7 Additional information which demonstrates ability to manage risk and operate in accordance with the Retail Law objective, particularly the long-term interests of consumers

RU will provide the AER with a login to the Compliance HUB provided by Compliance Quarter (www.compliancequarter.com.au) containing various modules designed to assist in the management of the RU compliance plan. We would be happy to discuss our compliance program with you further.

3.8 Memberships or steps taken to obtain memberships of a recognised energy industry ombudsman scheme in the relevant jurisdiction:

RU has written to the Energy and Water Ombudsman of New South Wales.

RU has submitted its intention to apply to the Energy and Water Ombudsman of Queensland and a copy of their acknowledgement is attached. RU will obtain membership before actively selling energy under its retail authorisation.

Please find attached a copy of the text of emails sent to each of the two ombudsman schemes and marked '**Annexure K**' provided on a commercial in confidence basis.

3.9 Agreements in place with key market players within the relevant jurisdictions (distribution businesses and AEMO) If agreements not finalised provide information as to negotiations

RU will not be a market participant and, as such, will not require registration with AEMO.

RU understands the importance of the supply agreement from which it will on-sell electricity. All agreements with electricity suppliers will undergo legal review by our internal and external legal counsel and will be consistent with typical supply agreements for large customers.

4. Part Three: Required information – financial resources

As a wholly owned subsidiary of FPA and under a guarantee provided by Frasers Property Limited, RU has access to significant financial resources.

Without exposure to the wholesale market, the potential financial risk to RU will be less than that of a typical electricity retailer.

4.1 Details and evidence of current financial position, for example, interim financial statements.

RU is a new business that does not have interim financial statements. Please refer to this application and annexures to confirm that RU has the financial resources available to it to support its business.

4.2 Group structure

RU is a wholly owned subsidiary of Frasers Property Australia (**FPA**) which is the Australian division of Frasers Centrepoint Limited (**FCL**). Further information on FCL is provided below.

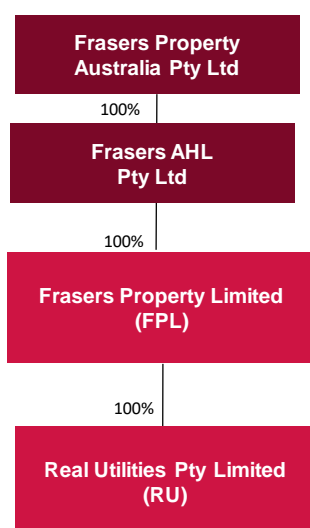
The primary business of FPA is the development of residential land, housing and apartments, commercial, retail and industrial properties, investment property ownership and management, and property management. FPA has over 90 years of heritage in Australia. Frasers Property Limited (**FPL**) is a wholly owned entity of FPA.

FCL is a full-fledged international real estate company and one of Singapore’s top property companies with total assets of 24.9 billion SGD as at 31 March 2017.

FCL has three strategic business units – Singapore, Australia and Hospitality – which focus on residential, commercial, retail and industrial properties in Singapore and Australia, and the hospitality business spanning more than 80 cities across Asia, Australia, Europe, and the Middle-East.

FCL also has an International Business unit that focuses on the Group’s investments in China, Southeast Asia, and the United Kingdom.

The Group ownership structure in Australia between FPA, FPL and RU is shown below.



4.3 Declaration from CFO (or CEO or director/s)

Please find attached declaration from RU' CFO confirming the company's current financial position marked '**Annexure L**' and provided on a commercial in confidence basis.

Please find attached declaration from RU' CEO confirming the company's current financial position, and the accuracy of this application, marked '**Annexure M**' and provided on a commercial in confidence basis.

4.4 Declaration from independent auditor/ Financial Institution

Please find attached declaration from our financial institution confirming RU' current financial position and capability marked '**Annexure N**' and provided on a commercial in confidence basis.

4.5 Details of any bank guarantees or arrangements or process to access additional capital.

Please find attached a guarantee from Frasers Property Limited marked '**Annexure X**' and provided on a commercial in confidence basis.

4.6 Revenue and expenses forecast

Please find attached a financial plan included in the business plan for RU marked '**Annexure B**' and provided on a commercial in confidence basis.

RU has access to sufficient financial resources required to operate as a retailer including on the assumption of no revenue received over one year.

5. Part Four: Required information – suitability

RU is a fit and proper entity to hold a retail authorisation. Neither itself, its related body corporates, its officers or associates have had any criminal or civil convictions.

FPA has a very good reputation generally and has ensured that the RU business is adequately resourced to operate effectively as a retailer.

5.1 There have been no regulatory failures by either entity.

There has not been (by RU, its associates, officers, businesses where officers have held an officer position, or other entity that exerts control over RU) any material failure to comply with regulatory requirements, laws or other obligations over the previous 10 years, including infringement notices or other enforcement action (including voluntary administrative undertakings) being taken by a regulatory body.

5.2 There have been no revocations of authorisations, authorities or licences by either entity.

RU, its associates, officers, businesses where officers have held an officer position, and other entities that exert control over RU have not held authorisations, authorities or licences in any industry that have been revoked.

5.3 There have been no failed authorisation, authority or licence applications by either entity

RU, its associates, officers, businesses where officers have held an officer position, and other entities that exert control over RU have not had any failed authorisation, authority or licence applications in any industry.

5.4 There has been no legal action taken in relation to any regulatory breaches.

RU, its associates, officers, businesses where officers have held an officer position, or other entities that exert control over RU have not been a party to administrative or legal action taken in relation to an authorisation, authority or licence in any industry.

5.5 Neither entity has triggered the RoLR provisions or any equivalent provisions.

RU, its associates, officers, businesses where officers have held an officer position, or other entities that exert control over RU or have transferred or surrendered an authorisation or licence in circumstances where if not done, triggering a RoLR event would have been likely.

5.6 There have been no offences found nor successful prosecutions under any territory, state, Commonwealth or foreign legislation against either entity.

There have been no offences found nor successful prosecutions under any territory, state, Commonwealth or foreign legislation against RU, its associates, officers, businesses where officers have held an officer position, and other entities that exert control over RU.

5.7 There have been no offences found nor successful prosecutions under any territory, state, Commonwealth or foreign legislation against any current director of either entity.

There have been no offences found nor successful prosecutions under any territory, state, Commonwealth or foreign legislation against any current director of RU.

RU will undertake a criminal history check for any persons covered by section 5.7 on request.

5.8 Written declaration from Chief Executive Officer

Please find attached declaration from RU' CEO marked '**Annexure M**' and provided on a commercial in confidence basis, confirming:

- that members of the RU management team have not been disqualified from the management of corporations;
- the record of bankruptcy of the RU management team (including in any overseas jurisdiction).

5.9 Full names and current residential addresses of all your officers.

Please find attached details of the RU officers marked '**Annexure O**' and provided on a commercial in confidence basis.

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

Please find attached documents which are relevant to this component of the application:

- **Annexure C:** RU' Compliance Plan;

- **Annexure D:** RU' Code of Business Conduct; and
- **Annexure P:** Recruitment and Termination Policy

6. List of annexures included with this application

Annexure	Document Title	Confidential
A	Third Party Provider Details	YES
B	Business plan	YES
C	Compliance Plan	YES
D	Code of Business Conduct	YES
E	Compliance Reporting Procedure	YES
F	Hardship Policy Long Form	YES
F	Hardship Policy Short Form	YES
G	Risk Management Procedure	YES
H	Complaints Policy	YES
I	Rights Summary	YES
J	Freehills external risk and compliance management assurance letter	YES
K	Email sent to EWON and EWOQ confirmation	YES
L	CFO declaration on financial position	YES
M	CEO declaration	YES
N	Financial institution letter	YES
O	Annexure with names, DOB and addresses for officers of RU (directors)	YES
P	Performance reporting Procedure	YES
Q	Privacy Policy	NO
R	Letter from Service Provider	YES
S	Blueprint Document	YES
T	Recruitment and Termination Policy	YES
U	Real Utilities Website Terms and Conditions_	YES
V	Third-Party Vendor Management Process	YES
W	Agreement between RU and FPA regarding services	YES
X	Guarantee from FPL	YES