

Appendix B: Information required for individual exemption applications

General information requirements

Please provide the following information in your application for the grant of an individual exemption:

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

Origin Energy Retail No.2 Proprietary Limited (referred to in this application as **OER2**).

- 2 Your trading name if different to your legal name.**

Trading and legal names are the same.

- 3 Australian Business Number (ABN) or Australian Company Number (ACN).**

ACN 601 182 790

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

Level 45, Australia Square
264-278 George Street
SYDNEY NSW 2000

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

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

The business activities proposed by OER2 involve the installation of distributed energy generation systems, such as a solar PV, at individual customer premises. The electricity generated will be metered and sold to the customer at an agreed rate. OER2 will own, monitor and maintain each generation system over its life, or until the customer elects to purchase it. If the customer purchases the generation system, they will no longer be charged for the electricity generated.

An individual exemption (rather than a retailer authorisation) is appropriate for these activities because:

- The sale of electricity to customer by OER2 will be supplementary only. The customer retains their existing access to grid supplied electricity from an authorised retailer, and so continues to benefit from the relevant consumer protections under the National Energy Consumer Framework from that retailer.

- Many of the requirements on authorised retailers under the National Energy Retail Law and Retail Rules would not sensibly apply (e.g. customer transfers, relationships with distributors, Retailer of Last Resort).
- Customers will have access to broad protections under other regulatory frameworks such as the Competition and Consumer Act, including the Australian Consumer Law, and state and territory fair trading legislation.
- A requirement for full compliance with the requirements of the National Energy Retail Law and Retail Rules is excessive and not justified.

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

Not applicable.

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

OER2's primary activity will be the installation of distributed energy generation systems at customer premises and the sale of (off market) metered electricity to individual customers.

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

The form of energy for which we are seeking an individual exemption is electricity. The distributed electricity generation system will be installed at the customer's premises and electricity will be supplied directly to the premises. It is expected that the customer will consume electricity at their premises and export excess electricity to the grid.

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

Not applicable.

11 The date from which you intend to commence selling energy.

OER2 intends to start selling electricity as soon as possible, subject to receiving an exemption in accordance with this application.

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

Not applicable.

13 Details of any experience in selling energy, for example:

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

Energy selling experience - locations, scale of operations and other details

The exempt entity will be a subsidiary of Origin Energy Limited, an ASX20 listed company (**Origin Energy**). Origin Energy is a significant retailer of grid supplied electricity and natural

gas and supplier of liquefied petroleum gas. It also operates a large generation portfolio in the National Electricity Market (**NEM**) and, through its subsidiary Cogent Energy, is involved in commercial scale embedded generation projects.

Origin Energy is currently active as the authorised electricity retailer in all NEM jurisdictions (except Tasmania) to around three million customers. It is also active in the natural gas market in Queensland, New South Wales, Victoria, South Australia and the Northern Territory, servicing more than 1 million customers. Origin Energy participates in the New Zealand electricity and gas retail markets through its shareholding in Contact Energy. It also supplies LPG in Australia and throughout a number of locations in the South Pacific and New Zealand.

Origin Energy has extensive expertise in solar power having been involved in solar PV for more than a decade throughout Australia. This includes design, installation, consumer finance, customer billing and after sales service.

OER2 will benefit from Origin Energy's significant resources and experience in the industry.

Should the AER require any further information regarding our experience, we would be pleased to provide this upon request.

Forms of energy sold

Origin Energy sells electricity, natural gas, and LPG.

Explanation of activities that will be conducted in-house and those contracted to third parties

Initially, OER2 will engage wholly-owned Origin subsidiaries:

- to prepare and issue invoices; and
- to install the distributed electricity generation systems..

Origin Energy also has long-standing relationships with service providers engaged in system installation.

OER2 will engage Acumen, a wholly-owned subsidiary of Origin Energy, to provide metering services.

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

OER2 has never held an energy selling exemption, retail licence or retailer authorisation.

Subsidiaries of Origin Energy hold retail licences and retailer authorisations for electricity and natural gas in Queensland, New South Wales, South Australia, the Australian Capital Territory and Victoria.

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

Not applicable.

Particulars relating to the nature and scope of the proposed operations

To determine whether it is appropriate to exempt you from the requirement to hold a retailer authorisation, we need information on the nature and scope of the operations you propose to conduct. Please answer the following questions:

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

Not applicable.

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

OER2's customers may or may not also be customers of Origin Energy for the supply of conventional (grid supplied) retail energy services through a separate authorised entity.

- 3 What is the total number of dwellings/premises at the site? Please provide a breakdown between residential and business customers (and whether they are small or large as defined for the jurisdiction in which you intend to operate).¹**

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

- 7 Will your customers be wholly contained within a site owned, controlled or operated by you? (For the purposes of this question, a body corporate may be taken to 'operate' premises it oversees).**

Not applicable.

¹ For electricity, large customers are customers who consume 100 MWh pa or more in New South Wales, the ACT, Queensland and Victoria, and 160MWh pa in South Australia; and for gas, customers who consume 1TJ pa or more.

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

Not applicable.

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

NMI Pattern approved remotely read interval meters.

These meters will not be National Metering Identifiers in the NEM. The meter's purpose is to measure inverter output (alternating current) produced by the distributed electricity generation system installed under agreement with the customer. Origin has extensive experience in installing (via third parties), maintaining and reading remotely read interval meters.

Although the customer cannot switch providers for supply at this meter, the customer may purchase the distributed electricity generation system, and retains access to grid electricity supply from an authorised electricity retailer.

- 10 What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which Standard or Standards. For electricity meters, will the meters comply with National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013?²**

All meters are Class 1. They are NMI Pattern approved and are compliant at AS 62052.11 and AS 60253.21.

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

Not applicable.

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

Not applicable.

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

Customers will initially be billed monthly. Customers will receive an Origin bill that has been generated by a third party service provider.

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

OER2 will leverage Origin Energy's existing operations to provide customer service and complaints handling processes. The dispute resolution procedures will be consistent with ISO10002. A copy of Origin Energy's standard complaints and dispute resolution procedure is available at www.originenergy.com.au.

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

Not applicable.

² For further information, see www.measurement.gov.au.

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

Solar generating systems produce 100% green power and consume no fuel other than what is provided by the sun. Customers will be free to utilise any energy efficiency option they choose to adopt.

OER2 will not be operating a network.

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

OER2 is backed by the financial resources, experience and expertise of Origin Energy, one of Australia's largest energy companies.

Additional questions for Solar Power Purchasing Agreement (SPPA) applicants

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

Refer to response to question 13 under General Information Requirements.

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

Confidential.

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

Confidential.

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

Origin Energy has a range of companies within its corporate structure. OER2 will procure some services or products from these companies but there is not any intention to transfer the functions to them.

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

Confidential.

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

Confidential.

- 7. Under what circumstances can the customer terminate the agreement and at what cost?**

Confidential.

- 8. What happens when the contract ends? Who owns the system?**

Confidential.

- 9. Can the SPPA be transferred to the new owner if a residential customer sells and moves house?**

Yes - the system can transfer to the new owner, the previous occupant can take the system with them, or they can buy out the system under their agreement.

- 10. Who will have ownership of any green energy certificates and rebates, including feed in tariffs?**

OER2 will own any SRECs or similar green energy certificates/rebates. With respect to feed in tariffs, this is a matter between the customer and their authorised electricity retailer. OER2 will have no visibility of these arrangements.

11. What are your estimated customer numbers and/or estimated aggregate energy sales for the first year?

Confidential.

12. Will customers be required to buy all the energy produced by the solar panels, or just the amount they use?

For OER2's initial product offering, customers will be required to purchase all energy produced by the solar panels.

Exemption conditions for SPPA businesses

With respect to the conditions described in the AER's Final Statement of Approach (published July 2014), OER2 will comply with the conditions set out on pages 9 and 10 of the Final Statement of Approach and supports the intent of these conditions.

Furthermore, while OER2 has related businesses who engage in electricity retailing, these entities hold the authorisations required under the National Energy Consumer Framework.