

AUSTRALIAN ENERGY REGULATOR

INDIVIDUAL EXEMPTION APPLICATION.

AATLIS UTILITIES PTY LTD

Part 1: General information requirements

Legal name:

Aatlis Utilities Pty Ltd

This is a private company and not a body corporate or community corporation.

Trading name;

As Above

Australian Business Number (ABN) or Australian Company Number (ACN):

A.C.N 629 858 724.

Registered postal address for correspondence:

PO Box 6441 Toowoomba Qld 4350

Nominated contact person:

Dallas Hunter
Group Manager – Property Development
FKG Group


dallas.hunter@fkg.com.au

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

Our legal advice is that the proposed activities do not fall within the scope of registerable exemption R1 or registerable exemption R5, and that an individual exemption is the most appropriate.

We believe that a retailer authority is not suitable as we are not selling to a large number of customers over a wide geographic area.

We believe that a Individual Exemption is appropriate as we are selling to a defined group of customers at one site. We do not believe that our proposed situation is consistent with the requirements for a Registerable Exemption.

Therefore, we believe we comply with the requirements for an Individual Exemption.

Site Address:

The main Power Generation will be 100 Witmack Road Wellcamp Qld 4350.

The area covered by the area proposed to sell energy is situated either side of Witmack Ras and bounded at the north by the Warrego Highway and the south by Toowoomba – Cecil Plains Road.

Primary activity:

The primary activity of Aatlis Utilities Pty Ltd is the generation of electricity from gas and solar installations. The retailing of electricity to customers within the precinct will result from the generation. Gas will be retailed to selected industrial customers.

Form of energy:

It is proposed to retail both electricity and natural gas.

The electricity will be distributed by a private microgrid network which will be Islanded or Behind the Meter and not connected to the main electricity distribution or transmission grid.

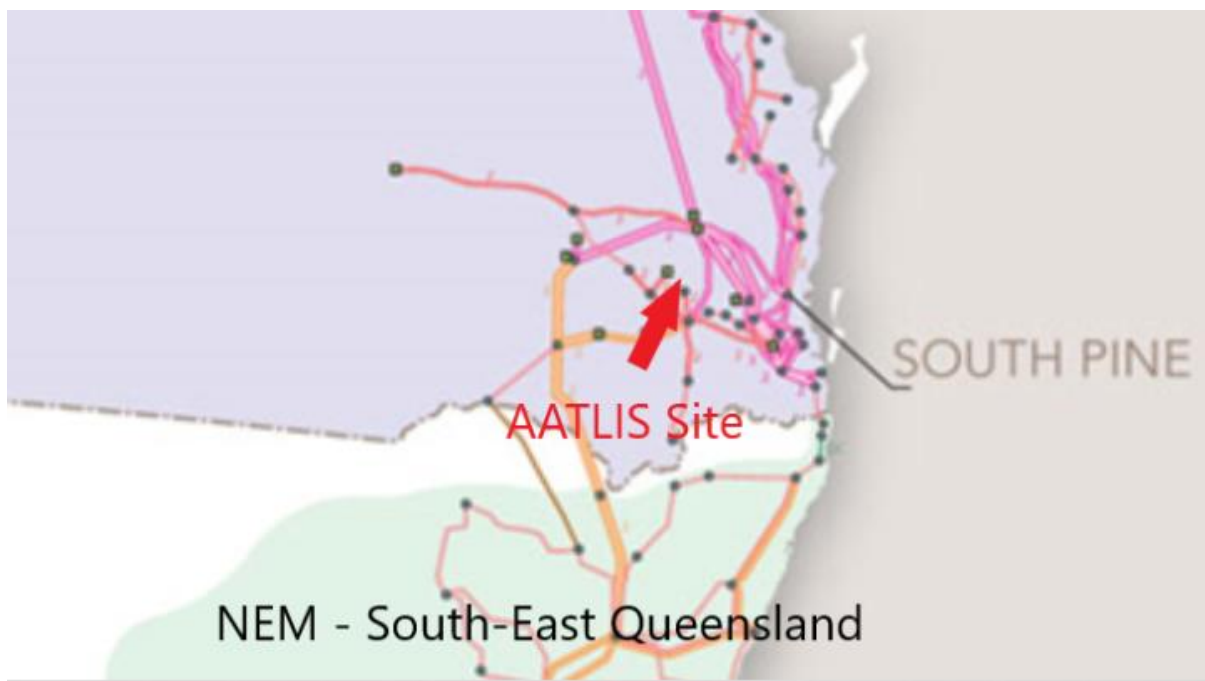
The gas will be retailed in private distribution networks coming from the gas power plant. The gas power plant will be connected to the Roma Brisbane Pipeline owned by the APA Group via a distribution main.

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

The proposed microgrid will be established within an NEM area which is supply by Ergon Energy. Part of the land covered by the proposed microgrid is in greenfield areas where there are no power networks. We choose not be grid connect and access existing distribution network.

<https://www.aemc.gov.au/energy-system/electricity/electricity-system/national-electricity-market>

The AEMO NEM map has been extracted and marked up to show the location of the site.



Commencement Date:

Quarter 3 2020 – date to be determined in the coming 2 months when Final Investment Decision is reached.

Mailing address

The site will be administered from the FKG Group Head Office.

Mailing Address is:

- PO Box 6441 Toowoomba Qld 4350

Details of any experience in selling energy

Aatlis Utilities Pty Ltd is a single purpose vehicle set up for the generation and retail of energy within the precinct.

Aatlis Utilities Pty Ltd will be the holder of energy permits from the Queensland Department of Natural Resources Mines and Energy. These approvals under the Electricity Act and Gas Act will include:

1. Generation Authority – application is currently concluding the public consultation phase.
2. Special Approval – for the microgrid distribution network. This application will be processed once #1 above is completed.
3. Gas Distribution Area – designated area for gas distribution.

Aatlis Utilities Pty Ltd has not has any previous experience in energy retailing.

The power generation will (subject to final negotiations) be undertaken with the assistance of Siemens and Shell.

Within the FKG Group we have previous experience in running 2 embedded networks in Brisbane and Toowoomba in a neighbourhood shopping centre, large medical centre and a Data Centre.

FKG Group includes an electrical services business NRG Services Pty Ltd registered with Electrical Safety Office.

Previous AER exemption

Aatlis Utilities has not previously held a retail exemption or retail licence

Alternative supply

The Aatlis Precinct is situated within the Ergon distribution network.

Land developed for industrial purposes is required by local government to have all services including power connection.

Customers will be able to connect to our microgrid or the Ergon network.

In the very unlikely event that Aatlis Utilities ceased operations the customers could make application for an Ergon Connection.

Existing Customers: currently have infrastructure connection to Ergon and supply with commercial retailer.

If they physically disconnect from the Ergon network, the Ergon connection will be available for reconnection in the future. Their risk is that Ergon then does not have capacity in their network. They could elect to maintain an Ergon connection to ensure reconnection capacity.

Existing customers will be provided with the following:

- Supply contract agreement – setting out the terms, conditions and tariff for electricity supply.
- Information regarding the connection arrangements for supply from the Aatlis Microgrid.
- Information setting out their requirements if they choose to reconnect to the National Energy Market.
- Acknowledgment document for execution by the customer that they understand the arrangements for connection and supply to the national energy market and the requirements and implications if they later seek to reconnect to the National Energy Market.

New Customers: new customers will connect directly to the Aatlis Microgrid. The Aatlis Microgrid will provide the infrastructure to their property for connection.

New customers will have the option of connecting to the National Energy Market in the future if they choose. NEM infrastructure has been installed in the street at their properties.

New customers will be provided with NEM compliant metering which will facilitate their reconnect to the NEM if they choose.

New customers will be provided with information about connection and supply from the microgrid and implication for latter connection to the National Energy Market.

Aatlis will produce a handbook for new customers which will include:

- Structure and terms of the supply contract agreement.
- Quality and standards of service.
- Details of tariffs and charges
- Billing and payment details
- Microgrid connection process
- Their requirements for connection to the microgrid and alteration to connections.
- Metering and control systems for connection and supply.
- Aatlis connection and supply provisions
- Options and implications for their reconnect to the National Energy Market
- Complaint provisions

This information pack will be guided by the Queensland Electricity Distribution Network Code and the National Energy Customer Framework.

Part 2: Particulars relating to the nature and scope of the proposed operations

Customers Status

The energy customers will be inhouse, tenants or independent neighbours within the precinct.

The explanation of these customers is:

Inhouse – these will be customers who are within the FKG Group.

Tenants – businesses who operate from premises owned by the FKG Group.

Independent – will be businesses who own and operate their own facilities. FKG has a relationship with these businesses as (i) they are situated within our precinct, (ii) FKG sold them the land and (iii) FKG built their facilities.

These customers will all be commercial, industrial or industrial agriculture customers.

Other services

Other services will be provided to various customers:

- leasing of property
- supply of other services:
 - water
 - CO2
 - Thermal energy
 - Circular economy waste stream processes.
- Technology Ecosystem – a number of businesses will be part of our Innovation Centre and we will collaborate on joint technology, supply chain and innovation projects.

Total number of customers

All customers will be business customers

There will be no Large customers – based on AER's classification of 100MW.

The number of customers will depend on demand and facility negotiations.

Initial customers will be – 1 data centre, 3 factories and 1 glasshouse.

Will you be on-selling energy

The situation for Electricity and Gas will be different.

Electricity – we will be generating the power in our proposed hybrid gas and solar power plant. This will be sold to customers.

Gas – we will purchase wholesale gas from gas producers for our power plant. We will have additional gas so that we can on sell gas in relatively small quantities to industrial and horticulture customers.

Aggregate annual amount of energy

The amount of energy sold will increase as new demand is built.

Our approval for power is 100MW of gas power and 50MW of solar power.

Our initial power capacity is expected to be approximately 25MW – 20MW gas and 5MW solar.

For gas we have estimated approximately 10% of our power plant gas consumption will be sold to industrial customers.

The initial amount of gas sales to industrial customers is expected to be 50,000 to 100,000 GJ per annum.

The ultimate gas sales could be 300,000 to 500,000 GJ – but this could be 15 to 20 years away.

Customer relationship

Customers will be located within our Aatlis Precinct.

Customers will be in the area covered by:

Queensland Department of Natural Resources Mines and Energy – Special Approval under the Electricity Act for electricity and

Queensland Department of Natural Resources Mines and Energy – Gas Distribution Area approval under the Gas Act for gas distribution.

Metering

Each premises be separately metered.

The connection will have smart metres connected into the Siemens Microgrid Management System.

Change retailers

Being an islanded network customer will only access power generated by Aatlis Utilities via the connection to the Aatlis microgrid.

Existing customers will have an existing NEM network connection and would be able to re-connect to the NEM Network.

Existing NEM power infrastructure has been installed in industrial street which allow many new customers to revert to a NEM connection if they were to choose to not remain with Aatlis Utilities.

Customer Billing

Customers will be billed monthly.

The final arrangements for billing are yet to be formulated.

At this time, it is expected that Aatlis Utilities will bill the customers direct.

The process for customer billing will comply with the conditions established in the Individual Exemption approval and as required the conditions highlighted in Appendix A-2 of the AER Retail Exemption Guidelines.

Dispute resolution

Client Satisfaction and Dispute Management policies will be implemented prior to operation and the sign of power supply agreements. The FKG has a large Quality and Safety team who will implement these policies as part of our quality management system.

These policies will be consistent with consistent with the Australian Standards: AS/NZS 10002:2014
Customer Satisfaction – Guidelines.