

Our Ref: D15/155415
Your Ref:
Contact Officer: Susan Faulbaum
Contact Phone: (08) 8213 3643

23 October 2015

Mr Richard Brimblecombe
Director
Quantum Power Pty Ltd
Unit 14, 2 Link Drive
YATALA QLD 4207

richard@quantumpower.com.au

Dear Mr Brimblecombe

Quantum Power Pty Ltd's application for an individual retail exemption

I refer to your application from July 2015, for an individual exemption under the National Energy Retail Law (Retail Law) for Quantum Power Pty Ltd (ACN 604634737).

I am writing to inform you that the Australian Energy Regulator (AER) has considered Quantum Power's application for an individual exemption and that it decided, on 23 October 2015, to grant an individual exemption in accordance with s.110 of the Retail Law. This letter constitutes notice of intention to grant an individual exemption. Please note, the individual exemption does not come into effect until Quantum Power advises the AER that it accepts the conditions of this exemption.

In accordance with the National Electricity Retail Rules (Retail Rules), the AER has published the application on its website, and sought submissions from interested parties.¹ The AER did not receive any submissions to Quantum Power's application.

The AER has considered the policy principles relating to exempt selling in s. 114 of the Retail Law, being:

- a) regulatory arrangements for exempt sellers should not unnecessarily diverge from those applying to retailers,

¹ r. 155(3) and 156, National Energy Retail Rules.

- b) exempt customers, should, as far as practicable, be afforded the right to a choice of retailer in the same way comparable retail customers in the same jurisdiction have that right,
- c) exempt customers, should, as far as practicable, not be denied customer protections afforded to retail customers under this Law and Rules.

In making its decision the AER is also guided by the objective of the Retail Law², the exempt seller factors,³ and the customer related factors.⁴

The AER is satisfied that Quantum Power should be exempt from the requirement to hold a national retailer authorisation, having regard to the above considerations. If you wish to change the way you sell electricity you should contact the AER before doing so, as this exemption may not apply in different circumstances, and you may need to apply for an authorisation or another exemption. If any new activities involving the sale of energy are not covered by this exemption, Quantum Power may be in breach of s. 88 of the Retail Law and we may take enforcement or other action to ensure compliance.

This individual exemption is subject to acceptance of the conditions⁵ set out at Schedule 1 to this letter. One of these conditions relates to information disclosure. Specifically, this condition is intended to ensure that your customers understand the nature of the service that you are providing and the protections they are entitled to (as opposed to the service and protections your customers would receive from their authorised energy retailer).

For the individual exemption to come into effect, Quantum Power must advise the AER in writing, by **20 November 2015**, whether it accepts the attached conditions. Quantum Power cannot commence energy selling under its individual exemption until it has done so. Please be aware that the AER may vary conditions attached to an individual exemption at any time in accordance with rule 158 of the Retail Rules.

If you have any further queries, or would like to discuss this further, please contact Susan Faulbaum on (08) 8213 3463.

Yours sincerely



Sarah Proudfoot
General Manager, Retail Markets

² The National Energy Retail Law objective is to “promote efficient investment in and efficient operation and use of energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply of energy”. (s. 13, Retail Law)

³ s. 115, Retail Law.

⁴ s. 116, Retail Law.

⁵ r. 158 (1), Retail Rules.

Schedule 1: Instrument of exemption

INDIVIDUAL EXEMPTION FROM THE REQUIREMENT TO HOLD A RETAILER AUTHORISATION

The Australian Energy Regulator on 23 October 2015, decided pursuant to section 110 of the National Energy Retail Law, to grant Quantum Power Pty Ltd (ACN 604 634 737) (the exempt person) an individual exemption from the requirement to hold a retailer authorisation under section 88 of the National Energy Retail Law, subject to the following conditions.

Condition 1 - Information provision

The exempt person must provide the customer in writing a plain English notice explaining that the contract is covered by the *Australian Consumer Law* (as set out in schedule 2 of the *Competition and Consumer Act 2010*) and is separate to the customer's contract with their retailer and distributor which are covered under the *National Energy Retail Law*.

Condition 2 – Exemption limited to the sale of electricity through power purchase agreements

This exemption will be conditional upon the exempt person:

- refraining from registering in the wholesale market for the purposes of purchasing energy;
- not being the financially responsible retailer for the premises (rather, this must be an authorised retailer), and
- only selling energy to premises that are connected to the interconnected national electricity system.

