

**Application for an individual exemption**

**Cell Energy**

**March 2015**

**Information Required For Individual Exemption applications**

**1. Your Legal Name.**

Cell Energy

**2. Your trading name is different to your legal name.**

J & M Muller Family Trust & S & A Patroni Family Trust

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

38 266 376 202

**4. Registered postal address for correspondence.**

2 Holmes St, Proserpine Qld 4800

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

Business Managers – Jack Muller 0418 139 349 & Scott Patroni 0428 451 139

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

Our business model does not operate like that of a traditional retailer therefore we believe an exemption is appropriate for our circumstances.

We offer industrial & commercial customers a supplementary source of power produced by onsite power with no up-front costs this in turn is giving customers an opportunity to receive lower cost electricity. This is obtained by entering into a Solar Power Purchase Agreement (SPPA) which will be offered to commercial & industrial customers.

# Customer retains their contractual agreements with their retailer.

# Contractual agreements with their retailer is not affected and remains in place, their retailer provides the primary source of power.

# Any SPPA with Cell Energy is in addition to a supply arrangement with a retailer and loss of supply from us does not remove the customer’s access to electricity and we do not guarantee supply. We offer the customer lower cost electricity for a small part of their consumption.

**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.**

Cell Energy will operate at multiple sites over QLD

**8.**  **The primary activity of your business**

Cell Energy has only one activity and has one goal – to provide a cheaper supplementary source of power for commercial & industrial customers, produced onsite with no upfront costs to the 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.**

Cell Energy proposes to sell electrical energy generated by a solar PV system installed on the customers building. These customers will be directly connected to main electricity network

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

Cell Energy will not be establishing the energy supply, the customer will have existing energy supply from retailer and main electrical network.

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

We are awaiting retail exemption before any SPPA’s will be entered into.

**12. Mailing address 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**

**Dates and locations of previous operations.**

Our goal is to have various systems in Queensland therefore we have not undertaken previous operations due to not having a retail exemption. We have customers who would like to undertake business with Cell Energy and are prepared to enter into SPPA’s but are at this stage we are unable to commence business until retail exemption has been obtained.

**Forms of energy sold.**

We have been selling grid connect solar energy systems in Queensland for 5 years while operating in another business. We have not been able to sell energy as we are awaiting retail exemption as above

**Scale of operations (that is, the number, size & type of customers)**

We intend to sell energy to large commercial & industrial customers in Queensland.

**An explanation of which activities will be conducted in-house and which will be contracted out to third parties.**

All aspects of our business – Design, installation, meter reading and billing etc will all be conducted in house.

**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.**

No energy selling exemption or retail licence is currently held in any state or territory.

**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).**

In the unlikely event the system can no longer supply electricity to the customer the primary electricity supplier will provide electricity to the customer just as they do now.

**Particulars relating to the nature and scope of the proposed operations**

**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?**

The customer will not be a tenant of Cell Energy.

**2. Are you providing other services (for example, accommodations/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.**

No, Cell Energy is only proposing to sell electricity as an ancillary supply to the customer. The only relationship to the customer will be the sale of electricity.

**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).**

The number of sites will vary depending of future price of equipment/electricity, electricity tariff structures all of which impact the commercial viability of a SPPA. We intend to install 2-5 systems per annum depending on the size of the system.

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

Cell Energy will only be selling energy generated by its own solar PV system.

**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.**

N/A

**6.** **What are your projected annual aggregate energy sales (in kilowatt hours or megawatt hours)?**

157000kwh 1st year and will grow from there at the same rate as mentioned above.

**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).**

N/A this exemption is for solar PV systems installed at sites not owned by Cell Energy

**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.**

There will be a separate “pattern approved” meters installed on each site, which will be able to be remotely read.

**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 (ie. Not source their energy from you)?**

Cell energy will only use “Pattern approved” class 1 or better meters (Typically EDMI Meters) they will be remotely read interval meters.

This will not change how or who the customer purchases power from.

**10. What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which Standards. For electricity meters installed form 1 January, 2013?**

All meters will be “Pattern Approved” under the Nation Measurement Institute (NMI) they comply with the National Measurement Act 1960 (Cth) requirements for electricity meters installed.

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

The meters will be read remotely either quarterly or monthly depending on the customer’s needs.

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

All of Cell Energy’s customers will be separately metered.

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

Bills will be issued monthly or quarterly, all bills will be done in house by Cell Energy.

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

Customers may make a complaint to Cell Energy via phone, email or person at our office. We will acknowledge all written queries or complaints within 10 business days.

Priority for investigation will be given to seriousness and complexity of the complaint, all complaints will be investigated by the managers of Cell Energy. If the customer feels that the complaint has not been resolved they may refer the issue to the office of fair trading.

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

There will be no rebates or concessions available to the customer at this stage. STCs will remain the property of the owner of the system which will be Cell Energy.

**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?**

Yes Cell Energy can offer energy efficient solutions for all aspects of commercial/industrial customers. Solar energy is the main focus of Cell Energy. The system will be gross metered but the customer will only be charged for energy consumed on site if any energy is exported to the grid it will be reimbursed to the customer.

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

The managers of Cell Energy and their associates have been in the electrical industry for a combined total of close to 50 Years and 15 years designing, selling and installing quality solar energy systems. Electrical experience ranges from small domestic, through to commercial/industrial right into energy distribution for network providers. We are passionate about the work we perform and we are very proud of the work we do. We are excited to be able to give our customers a new choice to save money on their power bill with no capital outlay.

* **What is your strategic direction and what are your objectives.**

Cell Energy’s strategic direction is to offer commercial and industrial consumers the ability and opportunity to lower the amount they pay for electricity without upfront costs. Our goal is to offer these consumers throughout Queensland who otherwise would not be able to afford solar the ability to be able to utilize clean renewable energy “solar power “and to have greater control over their financial position. Our contract is flexible and allows the customer to buy the PV system from Cell Energy, leave the system the property of Cell Energy, request the removal of the system, and extend the contract.

* **What are your project customer number forecasts?**

Cell Energy plans to install 2-5 systems or 40-100kw per annum this all depends on the market trends and retail pricing of electricity and tariff structures in the future, all of which impact the commercial viability of a SPPA.

* **What are your projected annual aggregate energy sales (in kilowatt hours or megawatt hours)?**

Cell Energy plan to install 100 kW in the first which will equate to 157,000 kWh in the first year and will continue to grow from there.

* **What market analysis and/or assumptions are behind your forecasts?**

We believe that the way that energy providers charge for their electricity will change to better match the way that they pay for electricity. This will increase the amount paid for electricity during daylight hours in key areas of industry. Our goal is to save money on our customer’s power without any capital cost for them.

* **What financial resources do you have to support your business?**

Cell Energy is in a strong financial position and the business is fully self funded by directors.

* **Are you intending to sell to business customers, residential customers, or both.**

We intend to sell to business and industrial customers only.

* **How will your pricing structure work - is the customer charged only for their consumption or are there other fees?**

The customer will be charged for energy consumed on site supplied by the solar PV system at a discounted rate to which they are buying electricity now. If any energy is exported to the network the customer will be reimbursed for this. The discounted rate will apply for the life of the contract. The customer can purchase the system after a set number of years at a depreciated rate, as set out in the PPA contract.

* **What forms of marketing do you intend to undertake?**

Cell Energy does not have any major marketing plans at this stage, we intend to direct market to key customers that we have dealt with past.

* **What will the length of the SSPA contract be?**

This will depend on what has been negotiated with the customer. The SPPA could have a term from between 10-20 years. With the option for the customer to purchase the system after an agreed period and at a depreciated rate.

* **In what jurisdictions do you intent to sell energy?**

Queensland

* **Who will arrange the connection of the solar panels to the network through the retailer/distributor (the customer or you)? If there is a delay in connection does the customer pay any charges prior to connection?**

Cell Energy will submit applications for approval and Cell Energy will pay any application fees associated with this.

* **Who will be responsible for the maintenance and repair of the solar system once it is installed?**

Cell Energy will be responsible for the maintenance and repair of the solar system while it remains our property.

* **In what form and how often will customers be billed?**

Invoices will be sent out monthly or quarterly and customer will be able to choose their billing method.

* **Will customers be required to buy all the energy produced by the solar panels or just the amount that they use?**

The intention is to size the system so that all power that the solar system generates is used onsite, and any power that may be exported to the network will be reimbursed to the customer

* **What will happen if a customer fails to pay their account? What are your remedies for non-payment? Is disconnection an option? If so, what are reconnection costs likely to be?**

If the customer fails to pay a bill they will be charged a late fee for non payment, if they fail to pay that we can disconnect the system and the customer will be charged the full amount for their electricity from retailer, and a fair and reasonable reconnection fee will be applied to their account. Or Cell Energy will remove the system at the customer’s expense.

* **Under what circumstances can the customer’s contract be terminated (for example, what happens if the customer moves house)?**

The customer can either choose to transfer the agreement and their monthly/quarterly bill to the new owner or they can buy the system outright ending the SPPA arrangement or if they fail to pay their bill. This is all set out in the SPPA contract. They can do this at any time as set out in the contract.

* **What happens to the solar panels at the end of the contract? Who owns them?**

There are a number of contractual options.

The system can be left under the ownership of Cell Energy, extending the term of the contract

They customer can purchase the system from Cell Energy at a depreciated rate

The system can be removed by Cell Energy upon request of the customer

* **Who will own any green energy certificates or rebates, including feed-in tariffs, which are generated by the solar system?**

All rebates and certificates associated with the system would be owned by Cell Energy any feed in tariffs would be owned by the customer unless other arrangements had been made.

* **What are the likely consequences for your customers if your business falls into financial difficulties (for example, are the customer’s solar panels likely to be removed)?**

As Cell Energy is the owner of the system then that system would be classed as our asset and would then come under the jurisdiction of the party handling the businesses financial affairs if there is one.

As power purchased from Cell Energy would be a supplementary source of power and the customer is still an existing customer of their retailer therefore the customer would remain connected to the electricity grid and power supply would not be affected. The customer would no longer receive a monthly/quarterly bill from Cell Energy.

**ADDITIONAL QUESTIONS ASKED VIA EMAIL**

* **You note that energy can be exported to the grid for which customers will be reimbursed. Please explain whether customers would arrange with their retailer to earn a feed-in tariff for exported energy, or whether you would arrange for this? Would you receive a payment for exported energy and subsequently reimburse the customer? If so,  would you earn a feed-in tariff or the wholesale market price for the energy exported? Please describe.**

Generally the systems that we will be installing will require a “zero export” system to stop any excess power being exported to the grid. But on the off chance that Ergon/Energex may allow us to export excess energy to the grid the customer may wish to arrange a FIT (feed in tariff) with their retailer and those credits will be theirs and **NOT** ours. Ergon/Energex does not offer any FIT for systems over 5kW at this stage, the systems that we will be installing will be 10kw minimum. The “zero export” limits set by Ergon/Energex allow a very small percentage to be able to be exported so the energy retailer meter may register a small amount of energy as exported, because the customer did not use this energy and we have charged them for it they will be reimbursed for that energy the following bill from Cell Energy.

* **You mention that the contract is flexible, allowing customers to exit, but also mention that customers can only exit after a certain period of time. Does this mean that customers are unable to exit until this period elapses? Please clarify and note whether these exit options will be clearly state in the contract.**

The customer cannot exit the contract in the first 3-5 years (depending on customers load and system size) unless they are moving or selling the premises which they can exit early. They can either buy the system outright at a depreciated rate or the new owner of the premises can take over the PPA. This is all clearly set out in the contract.

* **What fees/penalties are payable for early exit and will these be clearly stipulated upfront in the contract? How will such fees be calculated? For example, what costs will they reflect?**

There are no early exit fees, if the customer sells their business they can transfer the contract to the new buyer or purchase the system outright at a depreciated rate as set out in the contract.

* **You mention a late payment fee and disconnection for failure to pay. Will  this fee be stated in the contract, together with a clear outline of the process for disconnection, including for example, when late payment notices will be issued and the number of days allowed for payment of initial and reminder bills?**

The late payment charge will be charged at 8.5% per annum. It will be a 30 day account. If unpaid for 3 consecutive months the system can be disconnected and won’t be reconnected until debts are paid in full. The disconnection and reconnection costs will be paid for by the customer.

* **If the customer elects to have Cell Energy remove the system, what fees apply?**

If the system is to be removed it will be at the customer’s expense and will be charged at a standard hourly rate.

* **Will customers be required to purchase all energy produced by the system or just what they use?**

They will only pay for what they use if any energy is exported to the grid and the customer has paid for it they will be reimbursed the next bill from Cell Energy.