

Individual Retail Exemption Application



concise energy

SOLAR ELECTRICITY INNOVATION

Concise Energy Pty Ltd ACN 603 492 057 ATF

Concise Energy ABN: 46 474 974 684

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CEC Installer & Designer License A8975507

10/03/2015

General Manager
Retail Markets Branch
Australian Energy Regulator (AER)
GPO Box 520
Melbourne Victoria 3001
By Email: aerinquiry@aer.gov.au

Dear Madam/Sir

Re: Application For Individual Retail Exemption under the National Energy Retail Law

Concise Energy Pty Ltd ACN 603 492 057 ATF Concise Energy ABN 46 474 974 684 (“Concise Energy”), as a newly established business, is seeking an individual retail exemption under the National Energy Retail Law to permit it to sell renewable energy under a zero dollar capital contribution Solar Power Purchase Agreement (SPPA) arrangement to its commercial customers across the nominated States and Territories outlined in this application (“the Application”).

The Application for individual retail exemption is set out in the following pages: I, General Information - Page 3; II, Particulars relating to the nature and scope of the proposed operations - Page 5; and III, Particular information required for SPPA applicants - Page 10. Section III also includes particular information as requested by the AER on the 6th February 2015.

Information supplied under the Application (that is, a complete outline of the company’s details, its business model and information requested in accordance with Appendix B of AER’s Final Decision Exempt Selling (Retail) Guideline) is provided in the contents of this Application.

This Application is also based on verbal guidance received from Susan Faulbaum in November 2014, in reference to the AER Statement of Approach, Regulation of alternative energy sellers under the *National Energy Retail Law*, June 2014 and both AER (Retail) Exempt Selling Guidelines.

For any queries or requests for further information in respect of this Application, please address to the undersigned.

Kind Regards, Anto Klobucar, Director Concise Energy

A handwritten signature in blue ink, appearing to read 'Anto Klobucar', is written over a light blue rectangular stamp or watermark.

I. General Information

1. Your legal name
Concise Energy Pty Ltd ACN 603 492 057 ATF Concise Energy ABN 46 474 974 684 (“Concise Energy”).
2. Your trading name if different to your legal name
All trade activities are to be conducted under its legal name.
3. ABN or ACN.
As detailed in I.1.
4. Registered postal address for correspondence. We may verify this information with the ASIC or other relevant agency.
4/12 Loftus St, Bowral NSW, 2576.
5. Nominated Contact Person, including their position in the organisation and contact details.
6. Why are you seeking an individual exemption, and why do you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances?

Greg Dalton	Director (Design & Operations) Mobile 0414414242 sales@conciseenergy.com.au
Anto Klobucar	Director (Compliance & Business Development) Mobile 0408108474 info@conciseenergy.com.au

Concise Energy is not a traditional energy retailer, but rather an alternative energy seller providing a supplementary service to customers who are purchasing energy from existing authorised retailers of their choice.

Concise Energy intends to supply solar PV arrays and inverters (Solar Energy Systems) to its customers at their premises under a SPPA without any capital contribution being made against the Solar Energy System by the customer. In consideration for the supply of the renewable generation system at their premises, the customers will purchase the solar energy produced at set terms and rates provided under the SPPA.

Although the renewable electricity sales and energy generation system supply arrangement provides customers with the benefits of electricity by way of “pay as you go electricity supply”, it does not fit within the existing Retail Energy legislation and existing exemptions categories stipulated under the AER “Exempt Selling Guideline”. Accordingly, an individual exemption is sought to permit the conduct of the proposed business activities.

Compliance with all of the requirements of the National Energy Customer Framework (“NECF”) for an authorised retailer is also not warranted for the size, nature and scope of the proposed business, further supporting the basis for the Application.

The granting of the individual exemption will therefore permit Concise Energy, as a complimentary renewable energy seller, to promote and conduct its business model to its customers within the NCEF framework.

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.
Concise Energy seeks a multi-site individual retail exemption to include each of the States and Territories under the NCEF and the inclusion of Queensland and Victoria once these States accede to the NCEF.

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

The primary activity is to design, sell, install, maintain and monitor Solar Energy Systems at customer's premises to produce solar electricity. Concise Energy will enter into an SPPA with individual customers to sell solar energy at agreed prices for a fixed 15 year term for energy produced at the premises.

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.

Electricity is generated by the Solar Energy System at the customer's premises. Any solar energy not consumed by the customer may be exported to the grid network if the customers' usage pattern changes below the intended design usage levels, where the customer will receive all the feed-in-tariff benefits under its network agreement with the authorised retailer.

The customer is required, for the term of the SPPA to retain its primary network connection and electricity supply agreement with its authorised energy retailer. As such, customers will continue to have access to the network and the customer protections provided by the NCEF.

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

Concise Energy will solely be an ancillary supplier of solar energy to customers connected to existing electrical networks, which will further ensure that customers receive the regulatory protections under the NCEF.

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

Subject to the acceptance of this Application, Concise Energy seeks to commence promoting its business to interested customers as soon as commercially practicable in the States that have adopted the NCEF.

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 to this Application.

13. Details of any experience in selling energy.

Concise Energy is a newly established business created for the purpose of selling solar PV generated energy, and as a result it does not have direct experience in the sale of energy. The principal Greg Dalton has 18 years

experience in operating an engineering and solar generation business whose experience includes assessing, designing, selling, installing, maintaining and monitoring large scale Solar Energy Systems in compliance with all applicable laws, and who has access to in house consultants with extensive experience in projects, finance and management to assist in the delivery of an efficient and complaint service to its customers. Concise Energy will also utilise a third party specialist for metering functions, and consider that its service provider facilitators and its finance resource partners have the comparable level of expertise to migrate into the renewable energy market with the ability to understand and successfully apply all necessary regulatory obligations to its customers.

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.

Concise Energy has never held or been subject to any energy selling exemption or retail licence in any State or Territory.

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

As an ancillary energy supplier and under the terms of the SPPA, a customer is required to maintain its continuity of energy supply by the customer's authorised energy retailer in all circumstances.

II. Particulars relating to the nature and scope of the proposed operation

1. Will your customers be your tenants?

Not applicable to this Application.

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 the 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?

Concise Energy's services are limited to the design, supply, installation, operation, monitoring and maintenance of the Solar Energy System and the sale of solar generated energy under the terms of the SPPA entered into with each individual customer.

3. What is the total number of dwellings/premises at the site?

Not applicable, as this is an Application for multi-sites to include each of the States and Territories under the NCEF and the inclusion of Queensland and Victoria once these States accede to the NECF.

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

Concise Energy will only be selling energy produced by the Solar Energy System at the customer's premises to the customer.

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?

Not applicable to this Application.

6. What is the estimated aggregate annual amount of energy you are likely to sell (kilowatt hours or mega watt hours for electricity) and the average expected consumption of customers for each type of customer you service?

The aggregate annual amount of energy Concise Energy will sell is subject to varying parameters, that include but is not limited to, its assessment of the site variables, the size and efficiency of the Solar Energy System, as well as the best-fit energy generation system necessary to fulfill the customer's intended usage patterns. Our customer base will predominantly be commercial customers. It is expected that {Confidential Information} of energy sales will be created in its first year of operation and doubled in subsequent years.

7. Will your customers be wholly contained within a site owned, controlled or operated by you?

No, this Application is sought to permit the establishment of SPPA's at multi-sites owned or leased by the customers.

8. Will each premises/dwelling be separately metered?

Each site will be individually metered along with existing network meter arrangements.

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)?

The meters supplied will primarily be pattern approved revenue grade remotely read meters supplied by Metering Dynamics, a subsidiary of Energex Ltd. Metering Dynamics is a nationally accredited meter provider and meter data agency (AEMO accredited). The sub-meter installation, employed by Metering Dynamics, follows the same process as normally completed by Energex Ltd for the national energy market. These meters supplement and do not inhibit the customer's rights to existing meters or its ability to change its authorised energy retailer meter and existing network electricity supply arrangements. In some cases, the customer may be required to update their network meters to allow solar energy to be fed to the network. Other meters may be used where site circumstances dictate, such as remotely read internal metering from the solar generator inverter.

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?

The meters comply with Australian Standards AS4777 and AS3100, are installed as per AS5033 and AS3000, and will comply with the National Measurement Act 1960 (Cth) requirements for meters installed from 1 January 2013. All metering equipment comply with the accuracy requirements of AS 62053.21-2005, with accuracy levels of +/- 2%.

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

All production and consumption data will be contracted to Metering Dynamics as the Meter Data Agency. High quality and verified production and usage data is read at each 15-30 minute intervals, where all daily and monthly metered data and reports are remotely transmitted to Concise Energy by email and or accessed through Metering Dynamics web-publishing portal.

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

Not applicable to this Application.

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

Concise Energy will generate and issue monthly invoices from the first day to the 15th day of each subsequent month to its customers based on actual metered data of energy produced for the previous months billing period in question. Invoices are required to be paid within 14 days of an issued invoice.

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

Electricity related complaints and issues may be received, and customers will be advised under the terms of their SPPA that it is necessary to forward all complaints and issues either by telephone to 1300 727 808 or by email to complaints@conciseenergy.com.au (a distinction is also drawn on all references for general enquiries to be made to info@conciseenergy.com.au), and or by written notice addressed to our office at 4/12 Loftus St, Bowral NSW 2576.

Concise Energy shall handle all complaints and issues in accordance to the terms of the applicable SPPA and Concise Energy's complaints policy. The terms would require all customer complaints and issues to be firstly responded within set time frames by the customer service team, either by email or telephone, and if the matter is not resolved, the customer will be contacted by a senior manager within set time frames.

All responses to customers will be provided in writing including reasons as to the decisions made. All communications will be documented against each customer file.

If matters have not been adequately resolved, the parties may undertake mediation and the customer will be advised of its rights to refer the matter for assistance to Australian Energy Regulator, the Clean Energy Council (CEC), the relevant State fair trading office or the relevant State electrical offices for electrical matters.

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

No rebates or concessions will be offered to customers by Concise Energy. The customer will receive the aggregate price and cost benefits derived from both the SPPA and the electricity price savings bundle. At the expiry of the term of the SPPA, the customer will also obtain title in the asset of the Solar Energy System and will have the capacity to generate its own energy along side its network connection.

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?

The SPPA offering only relates to solar energy produced. Concise Energy intends to assess and design the Solar Energy System to produce solar energy to meet certain energy needs of its customers, measured against historical demand patterns. It is anticipated that all the solar energy produced will be consumed. As part of the service offering, the customer may be assisted to manage their solar energy utilisation and may be encouraged to acquire energy efficient products and appliances, such as led lighting.

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

The Concise Energy SPPA will give its customers the following benefits:

- Comprehensive business solutions where all system designs, sales, consultations, installations, commissioning, continued support, training, maintenance, monitoring, billing, and resolution of issues are provided by Concise Energy;
- No capital contribution is required to be made by the customer for the Solar Energy System to be hosted at the customer's premises;
- The Solar Energy System will contain high energy efficient and most reliable equipment supported by relevant customer protection warranties to provide low transmission, reliable and safe energy supply;
- The Solar Energy System will be designed by the principal Greg Dalton as an accredited CEC designer and installer, where customers receive protections under the CEC standards and electrical laws;
- The Solar Energy System will be installed by a certified Clean Energy Council ("CEC") accredited installer Synectic Engineering Pty Ltd, again providing customers with requisite protections under the CEC standards and electrical laws;
- The Solar Energy System will be fully monitored, maintained and insured by Concise Energy to ensure continued performance and supply benefits to service customer energy needs;
- Customers will have access to a 15 year term, and at their nomination, renew for up to an additional 5 years;
- Customers will have the option to acquire the Solar Energy System within the term of the SPPA at specified rates and terms;
- Customers may consume all the solar energy produced by the Solar Energy System. Energy is payable at set annual rates, billable on a monthly basis against actual metered production data provided by Metering Dynamics or an accredited metering company;
- Customers will obtain overall energy savings by purchasing solar energy at lower rates which would be charged by their electricity retailer;
- Customers are required at all times to maintain their network connection with their authorised network retailer, as their energy needs will not be fully met under the SPPA and is a complimentary service;
- The SPPA is transferrable upon the sale of the customer's premises; and
- The SPPA has been drafted in compliance with Retail Energy laws, the CEC Standards and customers receive all necessary statutory guarantees and protections.

If any further information is required to assist in finalising this Application, please contact the directors listed in I.5 of this Application.

III. Particular information required for SPPA applicants

1. What is your strategic direction and what are your objectives?
Concise Energy intends to create a sustainable portfolio of renewable energy assets via the use of SPPAs to commercial customers in designated States and Territory (outlined in section III.10 below of this Application) with project forecasts outlined in sections III.2 and III.3. The business model is based on marketing the SPPA offer to customers where Concise Energy will be focused on providing long term energy savings to customers through discounted energy prices for solar electricity consumed at peak times, as well as providing a safe and reliable energy supply system that requires no initial capital investment that is realised as an asset by the customer at the end of the term of the SPPA. Concise Energy will draw upon its extensive experience in renewable energy sales, design, installation and maintenance held by its directors, consultants and business partners to provide its business model to its customers.
2. What are your projected customer number forecasts?
Confidential Information
3. What are your project annual aggregate energy sales (in kilowatt hours or megawatt hours) and what size systems will you install?
Confidential Information
4. What financial resources do you have to support your business and are there related companies (and what is their function)?
Concise Energy is supported by the principal Greg Dalton's existing engineering and solar business, Synectic Engineering Pty Ltd, operating for 18 years, that will provide access to operational funding. As a licensed electrician and accredited CEC installer and designer, it will provide all design and installation of the Solar Energy Systems to Concise Energy. Concise Energy intends to apply all proceeds of selling STC's towards the cost of each Solar Energy System. Any further amounts will be provided through key supplier and third party finance arrangements to Concise Energy leveraged against existing relationships developed by the directors.
5. Are there any elements of the business that will be outsourced, other than metering and installation as already specified?
Other than installation and maintenance services being provided by Synectic Engineering Pty Ltd and metering services by Metering Dynamics, Concise Energy intends to undertake all other business functions. All legal functions are outsourced to nominated legal advisers in the applicable States. All financing, is intended to be provided by 3rd party finance companies. All other business and operational functions of the business, including System design, invoicing, and so forth, are to be provided by Concise Energy.
6. Do you intend to sell to business customers, residential customers or both?
Concise Energy is focused on selling to commercial customers.

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

Customers will be invoiced by Concise Energy on the first day of each month at a site specific determined rate for solar energy produced (that is anticipated will equate to the customer's assessed energy usage patterns), with late payment fees disclosed to the customer under the terms of the SPPA. Invoices are required to be paid within 14 days of the email transmitted invoice and by the end of the billing month.

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

Customers are only required to acquire the energy the System produces. The System has been designed to produce the exact energy the customer intends to use and is billed on that basis.

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

Concise Energy intends to acquire and utilise the full amount of any incentives that are available against the System as an offset against the cost of the System provided at the customer's premises. In terms of feed-in-tariff rebates, these will be for the sole benefit of the customer.

10. In which jurisdictions do you intend to sell energy?

Concise Energy intends to sell energy to multi-sites within each of the States and Territories under the NCEF, as well as the States of Queensland and Victoria once these States accede to the NECF.

11. Under what circumstances can the customer contract be terminated (for example, what happens if the customer moves premises)?

Customers may terminate the SPPA for material breaches by Concise Energy under the terms of the SPPA and by purchasing the System at any time, at a price clearly defined in the Schedule of the SPPA. The Purchase Price or effectively the early termination amount is pre-calculated for each year of the Term, as the discounted value of the remaining project sales.

If the customer moves premises, they have the option to purchase the Solar Energy System with early termination fees being payable or transfer the SPPA to the new occupier of the premises (subject to the new occupier's consent).

Concise Energy may terminate the SPPA under standard commercial circumstances that include, but is not limited to, material breaches of the terms of the SPPA by the customer, willful damage of the Solar Energy System by the customer, or the customer defaults in their bill payments and fails to rectify their default within a reasonable period.

12. What happens when the contract ends? Who owns the system?

Title to the Solar Energy System shall transfer to the customer at the end of the 15 year term. Customers that seek to renew the agreement will receive title at the completion of the renewed term.