



APPLICATION FOR ELECTRICITY RETAILER AUTHORISATION

JUNE 2014

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1. INTRODUCTION

Next Business Energy will be a customer-focused retailer with competitive offers available for small to medium businesses located in the Eastern States of Australia.

Next Business Energy has been established by, and incorporates executives from, Next Telecom, a leading provider of IP telephony, data and business solutions. Next Business Energy is seeking an electricity retail authorisation to sell electricity under market contracts primarily to small to medium business and commercial customers.

Relevantly, Next Telecom was awarded the 'Gold Award' in the 2011, 2012 and 2013 Australian Customer Service Awards, the 2013 AMCOMM Service Awards against all its peers and the 2012 Customer Excellence award. In Addition, our key staff have many years of experience in the utilities sector.

In this application, we have set out how Next Business Energy meets the following criteria: organisational and technical capacity, financial resources, and suitability. We have had regard to the AER's Retail Authorisation Guideline, the energy Retail Law and Rules, and other applicable legal instruments such as the *Competition and Consumer Act 2010* (Cth) and the amended *Privacy Act 1988* (Cth). Next Business Energy is supported by a leading and tested billing and customer relationship management system used by a number of existing electricity retailers. Next Business Energy has implemented a sound compliance program, which is established in a manner consistent with the standard AS 3806-2006.

The granting of an electricity retail authorisation to Next Business Energy is consistent with the long term objectives of Energy Law 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."

2. INFORMATION REQUIREMENTS

General Particulars

1. LEGAL NAME

The applicant is Next Business Energy Pty Ltd

2. TRADING NAME

Next Business Energy trades under its own name

3. ACN/ABN OF BUSINESS ENTITY

ACN 167 937 555

ABN 90 167 937 555

4. REGISTERED ADDRESS

The registered address of Next Business Energy is:

Level 12, 100 Miller Street, North Sydney NSW 2060

Postal address of Next Business Energy is:

PO BOX 1196, North Sydney NSW 2060

The key business operations of Next Business Energy will be in Melbourne, currently located at:

454 Collins Street, Melbourne VIC 3095

5. NOMINATED CONTACT PERSON

Name:	David Hayes
Title:	Chief Operating Officer
Contact no.	03 9981 0060
Email	david@nextbusinessenergy.com.au

6. FORM OF ENERGY FOR WHICH AUTHORISATION IS REQUIRED

Electricity

7. INTENDED DATE OF COMMENCEMENT OF RETAIL OPERATIONS

1 September 2014

2. INFORMATION REQUIREMENTS

General Particulars

8. NATURE AND SCOPE OF PROPOSED OPERATIONS

Next Business Energy will commence selling electricity to small and medium size business customers. These will include business customers who are small customers (as defined in section 6 of the Retail Law).

9. THE JURISDICTIONS IN WHICH THE APPLICANT INTENDS TO APPLY

Next Business Energy will be expanding to other jurisdictions, covered by the Retail Authorisation and has also made application to the Essential Services Commission for a retail licence in Victoria, in accordance with the Business Plan **Attachment A1**.

10. TYPE OF CUSTOMERS THE APPLICANT INTENDS TO SUPPLY

Next Business Energy intends to sell electricity to small and large business customers.

2. INFORMATION REQUIREMENTS

Organisational and Technical Capacity

11. PREVIOUS RETAIL EXPERIENCE

Next Business Energy has had no direct involvement in energy retail but most of the key staff have direct relevant experience.

a. Date and location of previous operations

Next Business Energy is a new business entity, established to provide energy retail services to business customers.

b. Form of energy sold

Electricity.

c. Scale of operations

Next Business Energy will enter into electricity retail contracts with small to medium businesses (and a lesser number of residential customers) in the Eastern States of Australia.

Next Business Energy will offer competitive pricing and excellent customer service in a bid to win customers in the small to medium business segment of the market. This is a segment which is often served poorly. With a proportion of this market classified as small and others large, these customers may not have the buying power needed to demand competitive pricing. As a result customer service has been considered as below standards required by business customers. Next Business Energy will focus its efforts on ensuring the needs of these customers are met.

Sustainable growth will be achieved by Next Business Energy through sensible customer acquisition and accurate, on-time billing. Next Business Energy will avoid aggressive doorstep sales practices and ensure that each customer transferred has provided explicit informed consent.

Next Business Energy will seek to add clarity to electricity invoicing. Next Business Energy invoices will be easily readable and informative and, with the assistance of technology, savings will be obvious. We will offer our customers a range of payment options, which will be important not only to Next Business Energy from a cash flow perspective, but also to our customers in introducing certainty and consistency.

d. Retail activities

All identified retail activities, including marketing, sales, meter data collection, billing, revenue, accounting and [multi-award winning] customer service, will be carried out internally.

e. Relevance of previous experience

Most of the successful activities and processes mentioned above will be replicated by the experienced staff in Next Business Energy

12. ADDITIONAL RETAIL EXPERIENCE

The management team has had similar or directly relevant experience in other utility industries including telecoms, energy broking/procurement and with many licensed entities.

13. RETAIL EXPERIENCE OF SHAREHOLDERS

The executive directors have held executive positions in utility industries for many years in Australia.

14. ORGANISATION CHART

Please refer to the Business Plan **Attachment A1**, for details of current and proposed resources.

15. EMPLOYEES

All of the current employees in Next Business Energy are engaged in the sale of energy to our customers and currently comprise:

- Chief Executive Officer
- Chief Operating Officer
- Retail Operations Manager
- Chief Financial Officer
- Manager, Regulatory and Compliance
- Manager, IT Systems
- Customer Service Manager
- Financial Accountant
- Marketing Officer

It is proposed that additional identified resources will be recruited in the next 12 months.

16. SUMMARY OF KEY STAFF

A summary of each of the key officers follows, highlighting key technical skills and experiences relevant to the Next Business Energy business:

17. EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER

– Ryan O’Hare

Ryan O’Hare’s career began in retail distribution before assuming control of the US operations of Eutility, a global energy and telecoms services and consultancy business.

In 1993, as an extension of the services provided by Eutility and to capitalise on the deregulation of the industry, Ryan founded a start up telecommunications service provider in Sydney, Australia called corpTEL Communications Pty Ltd.

corpTEL Communications Pty Ltd became one of the largest privately owned telecommunication

service companies in Australia, recording revenues in 1998 of over \$150 million for telecom services across Australia. Mr O'Hare was its major shareholder, Chief Executive and Chairman until its eventual sale to Australia's 3rd largest carrier, AAPT Limited in 1998.

People Telecom Limited was co-founded by Ryan in 2000. Five years later revenue had grown to over \$150 million per annum. (Today it is part of the M2 Communications Group that generates revenues of over \$1billion per annum).

Next Telecom was founded by Ryan in 2006 and has since become a multi award winning IP telecoms specialist for business customers in Australia and now the United Kingdom.

Ryan is a Director of the Australian Stroke Foundation and is active with the Children with Aids Charity in the UK. He was recognised for this work by being nominated as a finalist in the 2006 Ernst & Young Entrepreneur of the Year award.

18. EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER

– David Hayes

David has more than 30 years senior management experience in utilities in UK, Australia and Asia Pacific.

During the last 18 years in Australia, David has been responsible for the establishment of the electricity retail and energy services business of one of Australia's largest energy companies, the founder of a successful electricity retailer based in Queensland and has assisted with a number of successful retail licence applications in various jurisdictions.

In addition to providing energy industry advice, David has undertaken many consulting projects with the market operators, accounting firms and energy retailing and metering companies based in VIC, TAS, NSW and QLD.

Recently David has been directing the growth of an accredited energy services company providing significant additional value to retail customers.

19. EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

– Karen Jones

Karen Jones is a qualified CPA and CMA, with international experience as a commercial accountant and CFO.

For the last ten years she has worked in the Telecommunications Industry and has a large amount of experience in launching and managing businesses in Europe, Australia and the South Pacific.

Karen joined Next Telecom Pty Ltd in April 2009 and manages all aspects of financial management within the organisation.

20. MANAGER LEGAL, REGULATORY AND COMPLIANCE

– Connor James

Connor is a qualified solicitor with Science and Law degrees and a current NSW practicing certificate.

He has been involved in all legal and regulatory aspects of energy retail, for a number of leading energy companies.

From licensing to audits and managing relationships with regulators, he has an in-depth understanding of energy retail Regulations, Acts, Codes and Guidelines, including environmental certificate schemes.

Connor will be responsible for regulatory compliance in Next Business Energy including reporting, training and reviewing business developments against compliance requirements

21. MANAGER RETAIL OPERATIONS

– Heather Hall

Heather is an experienced, disciplined, and highly-motivated Retail Utilities Operational Manager, with over 9 years experience and knowledge in managing projects and programs of work including Business Process Implementation and Systems Analysis leading to ongoing Management and improvement of energy business operational systems and needs.

An extensive experience in the majority of business and operational needs has been gained through similar positions at Lumo Energy, Momentum Energy and People Energy.

22. HUMAN RESOURCES POLICY

Next Business Energy has developed an extensive HR Policy **Attachment B6**, which includes detailed sections on the following topics:

- Personal conduct
- Recruitment
- Induction
- Training
- OH&S/EEO
- Performance Management

23. TRAINING PROGRAMS AND POLICIES

In accordance with our Compliance Policy **Attachment B2**, Next Business Energy has a detailed training program covering compliance, complaints management, customer hardship and Industry Laws, Rules, Codes and Guidelines.

The training materials can be delivered in person and on-line. The detailed training material is enclosed as **Attachment E1**.

24. BUSINESS PLAN & FINANCIAL STATEMENTS

A comprehensive Business Plan is enclosed as **Attachment A1**. As part of the growth expectations of Next Business Energy, the business will commence with a slow and controlled growth, to test to ensure that systems and processes are robust, before expanding the business to other jurisdictions when appropriate.

In support of the detailed Business Plan, additional detailed financial information, supported by relevant assumptions, is available as **Attachment A2**.

25. QUALITY ASSURANCE

Next Business Energy does not currently have any formal quality assurance accreditations but will apply policies and procedures with emphasis on achieving high levels of quality assurance.

26. COMPLIANCE POLICY

Next Business Energy has developed a detailed and comprehensive Compliance Policy, which is enclosed as **Attachment B2** and is supported by a Compliance Reporting Procedure in **Attachment C2**.

27. COMPLAINTS HANDLING POLICY

A detailed Complaints Handling Policy Statement is enclosed at **Attachment B4** and is supported by a Complaints Handling Procedure in **Attachment C3**.

28. RISK MANAGEMENT POLICY

A detailed Risk Management Policy incorporating financial, operational and legal/regulatory risks is enclosed as **Attachment B1**.

29. RISK AND COMPLIANCE APPROVAL

Next Business Energy confirms that all policies and procedures related to risk and compliance have been approved by the executive team and will be implemented in the business. In addition, the company has engaged the services of a suitably qualified external resource to carry out an audit of the risk and compliance strategies and provide assurances on their relevance.

30. ADDITIONAL RISK MANAGEMENT INFORMATION

Next Business Energy has in place a comprehensive library of approved and endorsed documents including those listed below:

Policies

- Risk Management Policy
- Compliance Policy
- Customer Hardship Policy

- Complaints Handling Policy
- Code of Ethics
- HR Policy
- Privacy Policy

Procedures

- Performance Reporting Procedure
- Compliance Reporting Procedure
- Complaints Handling Procedure

All of the above documents have been approved and endorsed by the Next Business Energy management team and are enclosed as **Attachments B1-B7** and **C1-C3**

In support of the above, Next Business Energy also has developed additional supporting documents including:

- Regulatory Risk Assessment Report
- Concessions and Rebates Summary
- Summary of Rights and Obligations
- Industry compliant invoices
- Standard customer letters

All of these approved supporting documents are enclosed as **Attachments E2-E6**

31. INSURANCES

All necessary insurances for the Next Business Energy business are in place and they include public liability, product insurance and professional indemnity insurance.

32. THIRD PARTY SERVICE PROVISION

Next Business Energy will not be outsourcing any aspects of its operations. However, the company will rely on the provision of proven retail systems supplied by an Australian based software provider. Details of this Agreement are enclosed as **Attachment D1**

33. ENERGY INDUSTRY OMBUDSMEN SCHEMES

Next Business Energy is not currently a member of any industry Ombudsmen Schemes but will participate in such a scheme if and when required under its Retailer Authorisation. Next Business Energy has made formal contact with the Energy and Water Ombudsman of New South Wales and will seek to meet with the Ombudsman shortly.

34. INTERACTION WITH RELEVANT MARKET PARTICIPANTS

Based on the current business operations and depending on the timings of future developments, as outlined in the attached Business Plan, Next Business Energy will take appropriate steps to ensure that the business is fully compliant with relevant market participants, within the jurisdictions the business operates.

35. PREVIOUS ROLR EVENTS

As a new participant in the National Electricity Markets, Next Business Energy has not been involved in any situations that have triggered a RoLR event.

2. INFORMATION REQUIREMENTS

Financial Resources

36. FINANCIAL REPORTS

Next Business Energy has provided a set of financial documents as **Attachment A2** marked as commercial-in-confidence, including relevant assumptions made by the business. These documents include

- a. Current and projected Profit & Loss and cash flow statements
- b. Financial Plan assumptions
- c. Shareholder Register – **Attachment A3**
- d. Certificate of Company Registration – **Attachment A4**

37. OWNERSHIP STRUCTURE AND EQUITY

The ownership structure and equity arrangements are contained within the Business Plan – **Attachment 1**

38. WRITTEN DECLARATION FROM ACCOUNTANTS

A written declaration from Next Business Energy's accountant is enclosed as **Attachment A5** and confirms:

- No insolvency/bankruptcy
- No winding up
- No other impeding factors

39. GOING CONCERN

A signed declaration by a Director of Next Business Energy is enclosed as **Attachment A6** confirming that the financial statements comply with relevant accounting standards and give a true and fair view that there are no reasonable grounds to assume the company will be unable to pay its debts as and when they fall due.

40. CREDIT RATING

Next Business Energy is a newly formed entity and does not currently have a credit rating.

2. INFORMATION REQUIREMENTS

Suitability

41. DIRECTORS AND OFFICERS STATEMENT

Next Business Energy confirms that for its associates, any other business where its officers have held an officer position and any other entity that exerts control over its business activities, that:

- There has been no material failure to comply with regulatory requirements, laws or other obligations over the past 10 years;
- There have been no previously revoked authorisations, authorities or licences held in any industry;
- There have been no circumstances of failed authorisation, authority or licence applications in any industry;
- There are no past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry.

42. OTHER OFFENCES

Next Business Energy confirms that it has not been involved in any prosecutions under any territory, commonwealth or foreign legislation including, but not limited to, the *Australian Securities and Investments Commission Act 2001* (Cth) and the *Corporations Act 2001* (Cth) that are relevant to our capacity as a holder of a Retailer Authorisation.

We also confirm that no offences have been committed against, or been prosecuted under, any such legislation and including and Director or persons who have a significant involvement in Next Business Energy.

43. POLICE CHECK

Upon request, Next Business Energy is happy to commit to a criminal history check on any Director or persons who have a significant involvement in Next Business Energy.

44. DIRECTORS AND OFFICERS STATEMENT

Next Business Energy confirms that none of its Directors are or have been disqualified from the management of corporations. A written declaration to this effect has been provided.

45. BANKRUPTCY

Next Business Energy confirms that it has no record of bankruptcy overseas. A written declaration to this effect has also been provided.

46. NAMES AND ADDRESSES OF KEY OFFICERS

Attachment A7 contains the full names and current residential addresses of the Directors.

47. PROBITY AND COMPETENCE

Various policies and procedures outlined above and included in various attachments contain detailed information covering the probity and competence of officers and key staff, including: Code of Ethics, Training, and Compliance Management.