

By email to: [aer inquiry@aer.gov.au](mailto:aer inquiry@aer.gov.au)

General Manager  
Retail Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

**RE: Application for Individual Retailer Exemption**

Wednesday, 20 August 14

Dear Sir/Madam,

Sunburnt Country Power (ABN: 96 600 706 705) is seeking an individual retail exemption to cover the sale of energy to each of its Customers under a Personalised Power Agreement (PPA).

Sunburnt Country Power Pty Ltd (Sunburnt Country Power) is a proprietary limited company that has been established to own and operate a high quality renewable energy portfolio, based primarily on solar power through the use of PPA's.

The shareholders in the company combine extensive expertise in designing, installing, maintaining and monitoring solar power generation systems, with experienced senior business management, operations and capital markets expertise.

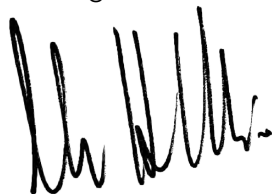
Sunburnt Country Power has developed a concept under which a business customer (Customer) is provided with a fully installed, maintained and monitored solar panel system at its premises, for no upfront capital cost. In exchange the Customer agrees to purchase the energy generated at the site from the solar PV system.

Sunburnt Country Power will operate this business model under a PPA. The energy sold under the PPA is sold at a fixed price and provides both certainty in relation to energy costs in the future and savings for the Customer. Any additional energy that is required by the Customer to that which is generated on site will be purchased from the Customer's retailer of choice.

Attached is the information requested by Appendix B of the document "AER Final decision - Exempt selling (retail) guideline - version 2 - July 2013".

The application for exemption is also based on emailed guidance received from the AER in an email to Mr Nicholas Huffels (Matter No. - 2027240) on 7<sup>th</sup> August, 2014.

Best regards,



Nicholas G Huffels  
Director

**Australian Energy Regulator**  
**Application for individual exemption**  
**Sunburnt Country Power Pty Ltd**  
**ACN 600 706 705**

- 1. Your legal name. If you are a body corporate or community corporation, please indicate this.**

Sunburnt Country Power Pty Limited is a proprietary limited company established under the Corporations Act 2001 (Cth)

- 2. Your trading name if different to your legal name.**

Sunburnt Country Power does not trade under a trading name different to its legal name

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

Sunburnt Country Power's ACN is 600 706 705.

- 4. Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.**

The address of the registered office of Sunburnt Country Power is:

Att: Mr Nicholas Huffels  
Sunburnt Country Power Pty Ltd  
8/4 Stonehaven Court  
Toorak VIC 3142  
Australia

The principal office and postal address of Sunburnt Country Power is:

Att: Mr Nicholas Huffels  
Sunburnt Country Power Pty Ltd  
Unit 5, 19 Hotham Pde  
Artarmon NSW 2064

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

Nicholas Huffels (Director)  
8/4 Stonehaven Court  
Toorak, VIC, 3142  
Australia

Email : n.huffels@sunburntcountrypower.com  
mob: 0477115590

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

Sunburnt Country Power is seeking an individual exemption as it is not a traditional retailer and adopts a business model that offers a non-traditional approach to the selling of energy. More specifically Sunburnt Country Power believes as a seller of energy to Customers, Sunburnt Country Power aligns with the principle set forth in the AER Statement of Approach (June 2014) that Sunburnt Country Power is providing an "add-on" or supplementary service to a customer who also buys energy from an authorised retailer.

Sunburnt Country Power has developed a proposal pursuant to which any Customer that chooses to participate will receive, with no upfront cost, a solar panel system installed on either the roof or the ground at their business premises. Sunburnt Country Power is granted a licence to install, maintain and operate the solar panel system on the property. If the Customer does not own the property itself, the owner of the property is requested to provide formal consent.

The solar panel system provided by Sunburnt Country Power is designed in consultation with the Customer, utilising software modelling, climate data for the applicable area and with reference to the Customer's historical energy utilisation via interval data to be supplied by the Customer's energy retailer of choice. This ensures both that the solar panel system is suitable for the climate and the size of the solar panel system is commensurate to the needs of the Customer's business.

Involving the Customer also enables the Customer to determine the extent to which it wishes to rely on the solar generated energy supplied by Sunburnt Country Power at a fixed price and the extent to which it wishes to continue to purchase energy from its retailer of choice at market prices.

Designing the solar panel system by reference to previous energy usage has the added advantage of ensuring that the Customer is never exposed to costs or liabilities in connection with the solar panel system which are not consistent with its own energy needs whether during the term of the agreement or when it is over. It also ensures that Sunburnt Country Power does not seek to charge a higher price for energy to cover the cost of an unnecessarily large solar panel system for its own benefit.

The solar panel system includes meters that satisfy applicable Australian Standards ensuring accurate measurement and invoicing of energy.

The equipment installed also includes a modem to enable remote monitoring of the performance of the equipment. Sunburnt Country Power will remotely monitor the solar panel system throughout the term of the agreement. As such Sunburnt Country Power will proactively through planned maintenance and reactively through required maintenance maintain the system to its optimal operating capacity.

Customers are invited to participate in the PPA agreement on an evergreen basis and maintain the option to buy the solar panel system outright at any time in accordance with an agreed schedule.

In consideration for the provision of the solar panel system, the Customer grants the property licence, access to relevant areas of the property to Sunburnt Country Power, and agrees to enter into the PPA.

Under the PPA, the Customer agrees to purchase, at a pre-determined rate per kWh, the energy produced from the solar panel system. As noted above the energy produced from the solar panel system is in full consultation with the Customer and by reference to previous usage. It will always be less than or equal to 100% of usual consumption so that the Customer is never required to purchase from Sunburnt Country Power any more energy than it normally uses. The Customer is required to use any energy it purchases on the site on which that energy is generated.

Sunburnt Country Power only sells energy which is generated at the Customer's site and never on-sells energy generated elsewhere or by another person. Sunburnt Country Power does not attempt to replace the Customer's retailer of choice but only to provide a proportion of the Customer's current energy needs. If additional energy is required, for example, if the Customer's business expands, or the energy actually generated on site is less than the total requirements of the Customer, that additional energy will be acquired from the Customer's retailer of choice in the normal course.

Under the PPA the Customer also assigns to Sunburnt Country Power rights to any small scale technology certificates (STCs) which may be available with respect to the solar panel system at the Customer's site. For the Customer this has the advantage of not being exposed to market fluctuations in the price of STCs and not being required to familiarise itself with the way in which STCs are sold and traded. For Sunburnt Country Power it has the benefit of the value of

the STCs which it can use to meet some of the cost of installing the solar panel system and allow it to offer a lower price for the energy than it might if it did not receive the benefit of the STCs.

On the basis of the elements described above, it is clear that Sunburnt Country Power offers a bespoke energy selling agreement which is tailored for each individual Customer, is designed to be a private agreement and does not exclude the Customer's access to its retailer of choice.

Sunburnt Country Power only sells to a single Customer in any one agreement. It does not establish a distribution network. As a consequence, the approach of Sunburnt Country Power is not suited to a retailer authorisation of the kind normally granted to sellers of energy which sell to a range of customers across a range of sites. Nevertheless, Sunburnt Country Power does sell energy so an individual exemption is appropriate.

**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.**

Not relevant to this exemption application

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

Sunburnt Country Power's primary business is the supply and installation of a solar panel system on the property from which a Customer operates its business, the generation of energy at that property and the sale of the energy to that Customer for use on that property.

Sunburnt Country Power will enter into a number of such agreements with a number of Customers on different sites. Each agreement will be separate and independent of each other agreement.

As title in the solar panel system can be transferred to the Customer at the end of the agreement, an element of Sunburnt Country Power's business will also involve the supply of solar panel systems.

**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.**

Not relevant to this exemption application

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

Not relevant to this exemption application

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

Sunburnt Country Power wishes to commence selling energy as soon as possible. As the business concept was conceived prior to the commencement of the current authorisation regime, Sunburnt Country Power already has some Customers interested and wishes to satisfy those Customer's needs as soon as it can.

**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.**

Sunburnt Country Power intends to sell energy to a range of Customers at a variety of sites, most of which remain unknown at this time.

As noted Sunburnt Country Power has a number of identifiable potential Customers at this time but is restricted from disclosing Customer details by obligations of confidentiality. Sunburnt Country Power may be able to obtain the consent of some potential Customers for disclosure as requested by AER, but Sunburnt Country Power cannot anticipate whether or not such consent would be forthcoming even if requested.

- 13. Details of any experience in selling energy, for example:**
- (a) date/s and location/s of previous operations**
  - (b) form/s of energy sold**
  - (c) scale of operations (that is, the number, size and type of customers)**
  - (d) an explanation of which activities will be conducted in-house and which will be contracted out to third parties.**

Sunburnt Country Power is a newly established company and consequently does not have any experience as a corporation selling energy. However, collectively the leadership of Sunburnt Country Power has extensive experience in the energy and solar photovoltaic industry, primarily in connection with design, installation, sales, monitoring, maintenance and repairs.

Each employee and/or contractor will similarly be required to have experience in its field of expertise.

Sunburnt Country Power has been established by a number of people with different areas of expertise which complement each other. Consequently, each of the directors perform a role which is commensurate with its area of expertise.

With proper internal oversight by experience team members of Sunburnt Country Power, Sunburnt Country Power intends to outsource to suitably experienced and qualified organisations core activities such as solar panel system design, installation, project management (including administration, application for relevant regulatory approvals), monitoring and maintenance.

Sunburnt Country Power will also engage a third party to carry out the billing function. A modem will be installed at each property which will feed data to the billing company. After calculating the amount due for each time period for each Customer by multiplying the data captured from the meter by the agreed fixed rate per kWh, the billing company will issue an invoice directly to the Customer.

The billing company will also update the accounting records of Sunburnt Country Power with details of each invoice.

Customers will have a direct debit agreement to facilitate accurate and timely payment of invoices. If there are problems with payment, the matter will be referred to Sunburnt Country Power to allow it to deal directly with the Customer within the terms of the PPA.

In order to optimise the billing process, meters will be installed that meet applicable Australian standards as well as international standards. Each meter will be supplied with an individual NATA endorsed test report confirming its independent calibration.

- 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.**

Not applicable.

Sunburnt Country Power is a newly established entity and it does not hold nor has previously held or been subject to an energy selling exemption or retail licence (retailer authorisation) in any state or territory.

- 15. What agreements 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).**

Not relevant to type of energy selling.

## **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?**

Not relevant to type of energy selling

- 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 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 agreements under which these services are being provided.**

Sunburnt Country Power's role is limited solely to the supply, installation and maintenance of the solar panel system and the sale of energy.

The initial supply, installation and maintenance of each solar panel system is pursuant to a property licence entered into with the Customer and, where the Customer is not the owner of the property, with the consent of the owner.

Under the property licence Sunburnt Country Power is granted the right to access the property to install and operate the solar panel system. It is also required to maintain the solar panel system and remediate the property if it causes damage or if, for any reason, it is required to remove the solar panel system.

Under the PPA between Sunburnt Country Power and the Customer title in the solar panel system can be sold to the Customer and as such can pass to the Customer at the end of the agreement.

- 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).**

Not relevant to this exemption application

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

Not relevant to this exemption application

- 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 agreement.**

Not relevant to this exemption application

- 6. What is the estimated aggregate annual amount of energy you are likely to sell (kilowatt hours or megawatt hours for electricity and mega joules or gigajoules for gas) and the average expected consumption of customers for each type of customer you service (that is, residential customers and retail or commercial customers)?**

Not relevant to this exemption application

- 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).**

Not relevant to this exemption application

**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.**

Not relevant to this exemption application

**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 (i.e. not source their energy from you)?**

EDMI meters (<https://www.edmi-meters.com/>) will be installed at each property. These meters meet ISO and many other standards and accreditations. They are to be calibrated and are approved by AEMO. They meet applicable Australian standards as well as international standards. Each meter is supplied with an individual NATA endorsed test report confirming its independent calibration.

All EDM1 meters are either National Measurements Institute 'pattern approved' and/or 'type tested'. This means that the metrology and method of construction has been proven by the National Measurements laboratory for Australian conditions.

Each meter will hold internally at least 400 days of interval data. This means that if there is any problem with the remote monitoring and data retrieval that is to be used, there is a back-up of information which will be utilised on a site visit if necessary.

These meters are used by all Australian distributors and by most Australian retailers of energy. There is nothing in the meter which prevents the use by the Customer of energy provided by its retailer of choice, nor which will prevent the Customer changing its retailer of choice from time to time. Sunburnt Country Power does not seek to replace the Customer's retailer of choice and under the terms of the PPA, the Customer is expressly permitted and required to maintain its relationship with a retailer of choice in order to ensure access to a supply of energy independent from the supply generated by Sunburnt Country Power on the Customer's property.

**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?**

**For further information, see [www.measurement.gov.au](http://www.measurement.gov.au).**

Yes, each meter will:

- (a) comply with Australian Standard AS62053.21;
- (b) will be a utility meter of at least class 2 or better; and
- (c) will comply with the National Measurement Act 1960 (Cth) requirements for meters installed from 1 January 2013.

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

Not relevant to this exemption application

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

Not relevant to this exemption application

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

Customers will be billed based on monthly energy usage.

SCP will engage a qualified third party billing agent to provide appropriate services for billing customers.

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

Given that each agreement to be entered into between Sunburnt Country Power and a Customer is a discrete one-off agreement and the business of Sunburnt Country Power is a low volume business, no detailed dispute resolution procedures have been included in the PPA or the property licence.

If there is any dispute arising, it will be handled personally by a director of Sunburnt Country Power and an appropriate counterpart within the Customer's organisation. Sunburnt Country Power considers that a direct, personal approach between principals is more likely to result in prompt resolution in the circumstances than having a detailed dispute resolution process set out in the documentation which is more suited to a retail or consumer dispute.

Ultimately, if a dispute cannot be resolved satisfactorily, the PPA provides the right to terminate the property licence or the PPA or both subjects to appropriate remedies.

Furthermore, Sunburnt Country Power acknowledges and remains subject to the specific guidance of the AER set forth in "AER Industry Guidance – solar power purchase agreements" (July 2014) advising that the consumer has access to the broad protections set forth by the Consumer and Competition Act 2010, which deals with misleading, deceptive or unconscionable conduct, the Australian Consumer Law which deals with unfair contract terms, marketing, warranties and guarantees and relevant State and territory fair trading legislation, which provides jurisdictional agencies with a role in dispute resolution and complaints.

Such legislation ensures the Customer has the benefit of certain standards of behaviour and performance and will give the Customer access to the dispute resolution procedures designed to facilitate efficient and effective resolution of disputes in relation to such contracts.

In addition, parties contracted to undertake services such as the installation of solar panel systems will be required to be accredited by their relevant industry bodies (eg. Clean Energy Council for installers). The contractor will be required to comply with the relevant bodies Member Code of Conduct and each Customer has access to all the benefits and protections that arise as a result of those accreditations, memberships and licences.

Relevant insurance is carried as required for contractors, and, as a requirement under the property licence and PPA, by Sunburnt Country Power.

A Customer will not be precluded from having access to any applicable statutory insurance regime that may apply as a consequence of or in relation to the licences carried and approvals sought and obtained.

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

Not relevant to this exemption application

**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?**

Not relevant to this exemption application



## **17. Additional information requested**

Based on an assessment of previous applications (as advised in the email received from AER to Mr Nicholas Huffels on 7<sup>th</sup> August 2014) the following details additional information relevant to the business model of Sunburnt Country Power to further support this application:

### **1. What is your strategic direction and what are your objectives?**

Sunburnt Country Power's core strategy is to develop a high quality renewable asset portfolio based on solar power. The strategic direction is to develop this portfolio by contracting with businesses in high solar radiation areas in each state in which Sunburnt Country Power intends to operate.

Target business may seek to benefit from having access to its own source of energy generation from a solar panel system by being able to reduce their energy costs, and where they desire, to participate in and make claims related to the generation of renewable energy.

More specifically the Customer benefits may include having a degree of control over the source of energy supply, being able to budget more accurately for energy costs through a fixed price energy contract, avoiding exposure to the unplanned increases in energy costs driven by traditional energy retailers, managing costs, and importantly participating directly in the generation of clean and renewable energy.

Sunburnt Country Power's objectives are to be a leader in innovated methods of providing market access to renewable energy and to facilitate the participation of businesses in the generation of clean energy and build a portfolio of energy producing assets.

Sunburnt Country Power seeks to derive positive ongoing returns from the provision of these services and seeks to attract additional capital to support growth of the business. Sunburnt Country Power's pricing structure and its method for designing and installing the most appropriately sized solar panel system for the customer ensures that those benefits are not arbitrary, nor unlimited.

### **2. What are your projected customer number forecasts?**

Due to the new nature of the PPA business model and the start up nature of Sunburnt Country Power's business, it is very difficult to predict the number of customers it will be able to attract.

Interest to date has been widespread and is currently being influenced by a range of factors, good and bad, not the least of which is the uncertainty surrounding the continuing availability of STCs.

Sunburnt Country Power's business model is not entirely dependent on the availability of STCs, however utilisation of STCs makes the long term pricing of energy much more attractive than it would be if STCs were not available. Additionally it enhances the return on investment for the proposed installations.

The key factors affecting the scale and growth of Sunburnt Country Power include:

- a) Uncertain ongoing access to capital for investment in solar panel installations.
- b) The capacity for Sunburnt Country Power to manage installations and the availability of resources including manpower, physical components like panels which come from overseas and financial resources.

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

Please refer to section 2 above.

Additionally, it is difficult to anticipate annual aggregate energy sales as each customer has unique requirements based on variables such as its energy usage, location and its decision in relation to the proportion of its energy requirements that it wishes to have generated on site.

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

Sunburnt Country Power will apply the proceeds of selling STCs toward the cost of each solar panel system installed. As a consequence, significant amounts of capital investment are not required at this point in time as the primary issue is covering exposure between supply of components and realisation of STC proceeds.

Sunburnt Country Power's Director's have committed to and have adequate resources to provide appropriate funding for the establishment of the business. Additionally, a first round of seed investment has been secured to further support the initial stages of the business.

Furthermore during the initial stages Sunburnt Country Power will seek to finalise agreements with key suppliers that add additional investment capital, or support a capital management programme through delayed payments and other forms of financial support. Sunburnt Country Power is currently in negotiations with key suppliers developed from existing relationships held by the Directors.

As growth opportunities present themselves, Sunburnt Country Power will assess the best options strategically to establish agreements with banks and/or private investors to provide loan or investment. Sunburnt Country Power Directors have extensive experience in fund raising activities of this nature.

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

Sunburnt Country Power intends to sell to business customers exclusively. The retail market is well serviced with other offerings currently, and the fragmented nature of these customers with smaller system requirements does not align with the Sunburnt Country Power business model as well as business customers.

The approach developed by Sunburnt Country Power is best suited to business customers with consistent daily energy needs and regular cash flow, who have an interest in the benefits listed above in paragraph 1 of this section.

A business customer is more likely to see the benefits of a medium to long term solution energy needs, which is consistent with the ongoing terms offered by Sunburnt Country Power.

Business customers are less likely to relocate. In many cases Sunburnt Country Power's initial customer base features family or community enterprises with strong roots in the local community within which it wants to remain.

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

In accordance with the terms and conditions of the PPA, the Customer is charged only for energy it has agreed to use, plus some potentially nominal costs associated with billing.

#### **7. In which jurisdictions do you intend to sell energy?**

Sunburnt Country Power intends to sell energy in all jurisdictions (New South Wales, Victoria, ACT, Queensland, South Australia, the Northern Territory and Western Australia).

At this time Sunburnt Country Power does not intend to sell energy in Tasmania.

#### **8. Under what circumstances can a customer contract be terminated (for example, what happens if the customer moves house)?**

Subject to the terms set forth in the Sunburnt Country Power PPA the Customer can terminate the property licence if Sunburnt Country Power commits a material breach of its obligations under that licence. If the licence is terminated Sunburnt Country Power will no longer be able to generate energy and the PPA will also come to an end.

The Customer may terminate the PPA at any time with notice to Sunburnt Country Power. If the Customer terminates the PPA, it will be required to pay an agreed amount for the solar panel system which is a genuine estimate of the depreciated cost of that system at that point in time.

Upon payment of that amount, title in the solar panel system will pass to the Customer.

If the Customer wishes to move premises or sell its business, it has the option of buying the solar panel system from Sunburnt Country Power in accordance with the schedule set forth in the PPA and then sell the property with the solar panel system as part of the sale, or the Customer can assign the PPA to any new owner of the property or the business. Acceptance of a new owner to Sunburnt Country Power's PPA will be subject to Sunburnt Country Power's credit policy and credit acceptance processes.

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

The evergreen nature of the Sunburnt Country Power PPA means that the PPA can be terminated (with or without cause) at any time by either party subject to the customer buying title to the solar panel system based on the agreed schedule clearly outlined in the PPA. As noted above this schedule fairly accounts for the depreciated value of the solar panel system at the time of termination.

Additionally, as previously mentioned, the customer also has the option to assign the contract to another party where they are selling the property or business, and subject to the credit policy and credit checking processes of Sunburnt Country Power.

Upon expiry of the PPA, and subject to the terms of the PPA, title in the entire solar panel system transfers to the Customer.

## **18. Additional information requested**

As requested in the email received from AER to Mr Nicholas Huffels on 12<sup>th</sup> August 2014, the following answers the additional request for information relevant to the business model and specific business plans of Sunburnt Country Power to further support this application:

**1. You note that at the end of the agreement the solar system can be purchased by the customer, yet you describe the contract as evergreen suggesting it has no end date. Could you please clarify.**

In the Sunburnt Country Power (SCP) PPA the contracts are indeed evergreen in the sense that they are automatically renewed, or go on indefinitely until such a time as the contract is terminated by either party for reasons that are clearly articulated in the PPA that cover issues such as:

- a) Customer wants to terminate contract to take ownership of the system
- b) Customer is moving from the premises and wished to sell the premises
- c) Normal termination for cause due to failure of either party to comply with contractual terms

There is of course an option for the customer to assign the PPA agreement to a new owner if the customer vacates or sells the premises on which the solar panel system is installed.

Naturally there is also termination for cause by both SCP and the customer.

**2. I appreciate it is difficult to predict customer numbers and energy sales, but we do need an indication of your intentions regarding customer acquisition and energy sales. Please list your predicted customer numbers for the first year and between 3-5 years, and your predicted energy sales for the first year and within 3-5 years.**

As noted in our submissions the difficulty in making these estimates is driven by access to capital, other resources. Most importantly it will also depend heavily on the planned changes to the renewable energy regime, most specifically the potential for cancellation or reduction of STCs.

As noted in our submission one of the key corporate goals for SCP is to develop a significant, high quality portfolio of renewable energy assets via the use of the PPA model.

**3. You mention the possibility of fund raising to finance solar installations. In all instances will Sunburnt Country Power be the seller of the energy and if the customer were unable to pay, would it be financially liable, or does it intend to form other companies/trusts etc. to carry liability/sell energy under the SPPA?**

SCP will, at all times and in all instances, be the manager, seller and singular point of contact for all PPA agreements and all power generated to contracted parties.

**4. You note in one section that customers will be required to purchase all the energy produced by the system, and in another section that they will purchase all the energy they 'agree to use'. Please clarify.**

It is the intention of the SCP PPA to:

- a) Supplement use of energy provided by the customers chosen main distributor
- b) Design and size a system in full consultation with the customer that ensures that solar panel system is producing the amount of energy that reflects the customers historical demand profile and/or produces energy to the amount the customer agrees to take.
- c) SCP anticipate designing the solar panel system to a size that is below the Customers historical demand requirements and therefore it is anticipated that the customer will take all of the energy produced by the solar panel system.

As the design work will be completed in full consultation with the customer and based on the customers historical demand profile, it is anticipated that the customer will take all of energy produced by the solar panel system as noted above. However where, for example, the

customers usage patterns change and they cease using energy at the levels designed, any excess energy generated will be sold back to the grid.