

ElectrAg

Retail Authorisation application for ElectrAg

June 2015



ElectrAg – Powering Australia's Farmers



This authorisation application for electricity is submitted for the attention of:

Ms Susan Faulbaum
Director, Retail Markets Branch
Australian Energy Regulator
GPO Box 922, Adelaide 5001

An electronic copy of this application has also been emailed to AERinquiry@aer.gov.au



1.0 Background

ElectrAg Proprietary Limited (ElectrAg) is a recently registered business with the specific purpose of retailing electricity in the Australian contestable electricity market.

1.1 About Waterfind Holdings

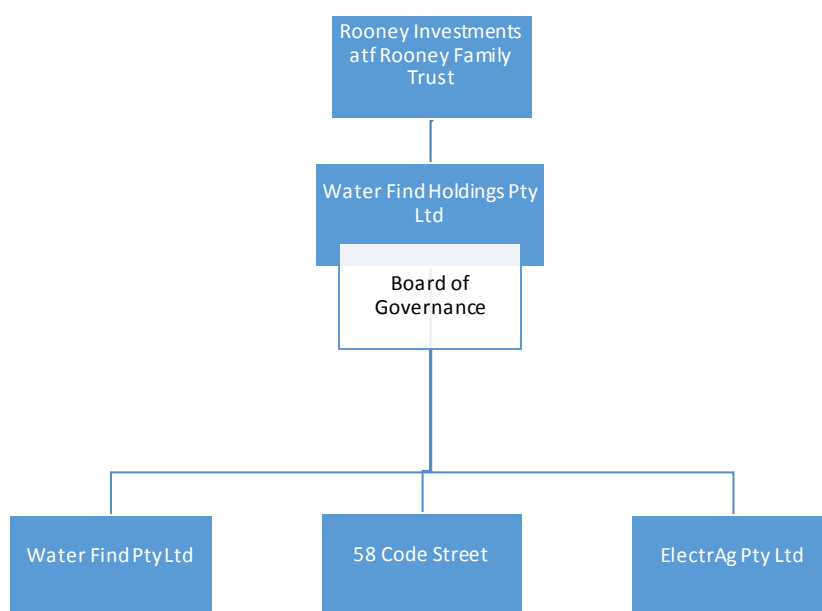
ElectrAg is a wholly-owned subsidiary of Waterfind Holdings Pty Ltd, a privately-owned company based in Adelaide, South Australia. Waterfind Holdings Pty Ltd is also the founder and owner of Water Find Pty Ltd (Waterfind), Australia’s largest online water market.

Water Find Holdings was established in 2013 in order to allow the management of Waterfind to establish new businesses that align to Waterfind’s core corporate capacities of innovation, technology and superior customer service in the agribusiness sector.

Established in 2003, Waterfind is Australia’s water market specialist. Waterfind operates an electronic exchange for Australian water rights, facilitating the purchase and sale of permanent and temporary water across Australia’s major irrigation districts.

Waterfind is also a Delivery Partner under the Commonwealth Government’s On Farm Infrastructure Irrigation Efficiency Program. Under this program Waterfind is managing the delivery of \$25 Million of infrastructure upgrades in the southern Murray Darling Basin.

The following diagram shows the ownership structure of controlled entities under the Waterfind Holdings group of companies.





2.0 The Nature of Our Application

ElectrAg is a new company that is applying for electricity retailer authorisation with the Australian Energy Regulator.

3.0 Part 1 - AER Process: Information Requirements - General Particulars

The following information, provided in accordance with the Retailer Authorisation Guideline, contains the general business particulars of ElectrAg.

3.1 Legal Name

The legal name of the applicant is ElectrAg Proprietary Limited. It is a 100% owned subsidiary of Waterfind Holdings Pty Ltd.

The entity was initially registered as Carbbx Pty Ltd in 2005, under the Corporations Act 2001. Carbbx Pty Ltd subsequently changed its name to ElectrAg Pty Ltd on 16 September 2014.

Please refer to Attachment 13 for ElectrAg’s Certificate of Registration.

3.2 Trading name

ElectrAg’s legal name is its trading name.

3.3 ABN or ACN

ElectrAg’s ACN is 115 459 848.

3.4 Registered address

The principal address for ElectrAg’s business operations and service of documents is located at:

Water Find Pty Ltd
Level 2, 108 King William St,
Adelaide, SA 5000

3.5 Nominated contact persons

ElectrAg’s contact persons for this application are

Tom Rooney	William Trott
tom@waterfind.com.au	william.trott@waterfind.com.au
1800 890 285	1800 890 285
0407 974 100	

3.6 Form of energy for authorisation

ElectrAg’s seeks retailer authorisation for electricity only.

This application document is submitted specifically for the electricity retailer authorisation.

3.7 Commencement of retail operations

ElectrAg intends to commence retail operations in December, 2015.



3.8 Nature and scope of operations

ElectrAg’s strategy is to offer Market Retail Contracts that are specifically designed for the irrigated agricultural sector. This retail offering to irrigators will be designed to be a lower cost offering than current retail contracts available in the market.

ElectrAg will be only offering electricity retail contracts to large electricity users in the irrigation and associated food processing industries. ElectrAg will not offer contracts to domestic or small energy users.

3.9 Jurisdictional coverage

ElectrAg will begin retailing electricity in SA and Victoria, expanding to NSW and Queensland over time.

4.0 Entry Criteria: Informational Requirements – Organisational and Technical Capacity

4.1 Previous Industry Experience

Waterfind, ElectrAg’s parent company, has been a highly-successful participant in the Australian water industry. In-fact, Waterfind was an innovator, and a major force in establishing the water-trading industry in Australia, allowing irrigators to manage their current and future water needs.

Waterfind’s Board and senior executives have a very broad array of skills and experience. The Board includes Ken Matthews, AO, who has previously served as Secretary of the Department of Primary Industries, Fisheries and Agriculture and was CEO and Chair of the Australian Water Commission, Peter Corish, AM, CEO of PrimeAg Limited and Pauline Rooney, a former Telstra South Australia Business Woman of the Year. The directors have significant experience of governing a start-up that aims to bring a transformational experience.

Additionally, Waterfind’s senior executives have considerable hands-on operational experience and customer relationships relevant to our chosen market sector. Waterfind has deep experience with managing sales, service, financial and credit risks and customers in the agriculture sector, which ElectrAg intends to leverage to drive the growth of a new electricity energy retail business.

ElectrAg is being developed out of Waterfind Holdings and has the experience and capacities of Waterfind Holdings at its disposal.

The development of these existing business streams has provided extensive experience in customer service and have developed the risk management, compliance, and quality assurance systems and procedures to support this.

4.2 Organisation Chart

Attachment 10 displays the ElectrAg organisational chart, including the positions of a number of the existing Waterfind executive and board.

As ElectrAg progresses through AER and AEMO approvals and is closer to engaging clients ElectrAg will supplement our existing agricultural sector expertise with experienced energy professionals.



4.3 Number of Employees

ElectrAg’s business plan calls for a limited number of additional staff to manage business development, sales and operations. In the early stages ElectrAg will draw upon its parent company infrastructure and personnel to manage and operate the energy retail business.

4.6 Qualifications, technical skills and experience

ElectrAg will assemble a team of experienced personnel that will be supported by energy consultants and external recruitment of relevantly experienced energy personnel.

4.6.1 Key Officers, Directors and Personnel

The following are senior ElectrAg officers that are currently engaged to provide direct day- to- day support to its energy retail business.

Pauline Rooney

Executive Chairwoman

Managing a family Real Estate business in the Riverland South Australia, Pauline was involved in developing the first processes for water trading in the late 80’s , with the Rooney family business becoming involved in the first tranches of water trading in Australia.

Pauline has been in Business for over 35 years, holds an MBA in Strategic Marketing and her business skills were recognized when she was awarded Telstra SA Business Woman of the Year in 1996. Pauline is currently the Chairman of Waterfind, Australia’s premier on line Trading Company. In addition Pauline is currently the President of the Women’s Housing Association of South Australia.

Past board positions include: President of the Real Estate Institute of SA and National Chairman of the First National Group of Agents as well as serving on the executive of many state and regional art, education and business boards. Pauline has been committed to bringing improvements to rural family life and standards of business service over the past 40 years.

Tom Rooney

Managing Director and Chief Executive Officer

Tom is a pioneer of the Australian water market. He started his water trading career in 1989, gaining invaluable experience and knowledge about water markets, including water policy and trading rules, client trading cycles and market driving forces. Throughout this time, Tom transformed the landscape of water trading, which was historically managed by small agents in rural regions, without inter-region or interstate trading. He is also credited with single-handedly lifting the professionalism and integrity of the water trading industry in Australia.

In 2003 he capitalised on the success of his water trading career and co-founded Waterfind, Australia’s most well-known and awarded water market specialist and brokerage company.

Waterfind introduced an electronic marketplace in 2003, which is regularly reviewed and updated, to assist with maturing Australia’s national water market. This online system continues to underpin



Waterfind’s business operations across the Australian water market and sets it apart from its competitors.

Tom is a Member of the Water Industry Alliance and Australian Institute of Company Directors. He grew up in regional Australia, has owned and operated an irrigated citrus property and is a previous Rural Youth Ambassador to Japan. His passion and dedication to the Australian irrigation industry is second to none.

As well as being Chief Executive Officer Tom will act as ElectrAg’s Regulatory and Compliance Manager for the initial 12 months of ElectrAg’s operations.

Ray Knobloch

Chief Financial Officer

Ray is a Certified Practising Accountant (CPA) with over 30 years’ experience including roles such as a Systems Accountant, Financial Accountant and Management Accountant in various State Government Departments.

Following experience as part of a project team developing IT systems for the SA Financing Authority, Ray has also worked as an Information Systems Consultant in the area of information technology security and as a Management Consultant in the area of business process re-engineering.

Prior to his current role, Ray was Waterfind’s Financial Accountant and still retains duties for managing the Finance area. In addition, he is responsible for IT Systems, Human Resources and he holds the position of Company Secretary following the completion of a Certificate in Governance Practice and Administration providing certificated membership of the Governance Institute of Australia.

4.7 Human resources and recruitment policy

The Recruitment and Selection Policy for Waterfind Holdings and its subsidiaries is designed to ensure fairness and transparency in our recruitment processes. Waterfind strives to find the best people to a role, while also promoting equal employment and development opportunities for internal and external candidates.

Our recruitment procedures for customer service, operational, management, and executive positions are encapsulated in the policy provided in Attachment 1.

We adopt the following procedures for selecting key operational, management, or executive positions:

- Screening candidates using the critical selection criteria and KPIs set out in the position description;
- Interviewing candidates with a panel of current managers or executives;
- Using psychometric tests as required
- Conducting at least 2 reference checks and employment history check on preferred candidates



- Completing background and good fame and character’ checks for the position including criminal history check, bankruptcy check and searching various ASIC registers (professionals and banned persons) or similar databases if appropriate;
- Ensuring the prospective employee is eligible to work in Australia
- Ensuring shortlisted candidates and preferred candidates have the requisite qualifications and industry licenses to perform in the role.

4.8 Competence and training

ElectrAg has training procedures in place which will govern personnel development and learning. It is our intention to implement a rigorous training program to ensure that employees, contractors and partners are provided with the necessary training to enable them to be competent and effective in the performance of their duties, and compliant with industry regulatory and legislative obligations.

ElectrAg is developing a structured Training and Competence policy to ensure our personnel have the required knowledge required which will allow them to operate effectively within the industry. The training program will include:

- Energy markets and retailing
- Industry regulatory and legislative instrument and compliance
- AEMO market administration and procedures
- Consumer protection under the Consumer and Competition Act 2010 & Australian Consumer Law.

Training will be undertaken according to the schedule in the Training and Competence Program provided for existing employees and as part of the employee induction process for new employees.

A training register is used as an internal monitoring and reporting tool to ensure that all required training has been undertaken.

Additional training will be implemented where specific deficiencies in knowledge or skills are identified via internal review and monitoring processes. In particular, supplementary training may be adopted for ElectrAg’s operational staff with AEMO on retail market processes and procedures.

Our Regulatory and Compliance Manager is responsible for staying updated on regulatory and legislative changes and ensuring these changes are communicated across ElectrAg, as well as updating and validating internal training modules to reflect these changes.

ElectrAg will also leverage in-house training materials developed by Waterfind Holdings, specifically with regard to internal call quality assurance and monitoring, and customise these for energy retailing.

4.9 Business Plan

Attachment 11 details ElectrAg’s Business Plan and Financial Forecast including a 5-year P&L forecast.

4.10 Quality assurance accreditations

ElectrAg is a recent business start-up and has yet to embark on quality assurance and standards accreditations. However, the parent company Waterfind Holdings does hold quality assurance and standard accreditations – Waterfind is ISO9001 certified – the internationally recognized standard



for Quality Management Systems. This certification ensures that Waterfind has systems and procedures in place to keep our customers satisfied.

A first priority one objective for ElectrAg after beginning substantive operations as a electricity retailer will be to achieve ISO 9001 certification in its own right.

4.11 Compliance

ElectrAg understands that electricity supply is an essential service. Retailing of such services is subject to various and wide-ranging legislative and regulatory instruments, and an industry framework that ensures efficient and effective market operations and management including reliable, open access to all end users.

ElectrAg views compliance as a critical business requirement and has established a robust framework for license and operational compliance.

4.11.1 Complaint and dispute resolution

ElectrAg’s complaint and dispute resolution processes are described in ElectrAg’s Customer Charter and Hardship Policy, attachments 2 and 3 respectively.

4.11.2 Customer hardship policy

ElectrAg’s hardship policy is attached as Attachment 3.

4.12 Risk Management

Companies within Waterfind Holdings have a successful track-record in demonstrating full-commitment to the promotion of a robust risk culture.

ElectrAg will utilise the same risk management framework to develop procedures for electricity retailing operations (included in this application as Attachment 6).

4.13 Director’s declaration on risk management and compliance

ElectrAg’s current Risk Management Policy, Compliance Plan and Obligations, and Risk Control Policy are in controlled draft status pending the convening of an ElectrAg board meeting for assessment and approval of the policy documents.

These policy documents will be reviewed and approved by the ElectrAg board prior to retail market entry.

4.14 Customer energy supply contracts

ElectrAg’s standard Market Retail Contract is included as attachment 5.

4.15 Outsourcing

ElectrAg’s business plan does not call for any outsourcing, as all relevant operations will be managed either directly by ElectrAg or by its Waterfind parent.

4.16 Memberships and Registrations

Upon filing of this application, ElectrAg will approach the SA Energy and Water Ombudsman (EWOSA) with a view to obtain membership of the scheme as soon as its license authorisation is approved by AER.



4.17 Use-of-system Agreements

Our representatives have been in discussions with SA Power Networks (SAPN).

ElectrAg awaits the AER license authorisations approval before progressing the UOS Agreements with SAPN and other distributors.

4.18 ROLR, transfer or surrender of authorisation

As a new business start-up ElectrAg and its officers have not embarked, participated or triggered any ROLR event or transferred or surrendered any electricity license authorisation.

5.0 Entry Criteria: Information Requirements – Financial Resources

5.1 Audited Financial Statements

ElectrAg is a recently created company and has not commenced business trading activities.

5.2 Related companies structure and arrangements

A detailed report of ownership structure and major shareholders of ElectrAg is provided in Attachment 8.

5.2.1 Parent Company Support

The Waterfind Holdings Board has given support and approval for ElectrAg to receive the necessary financial and resources necessary to develop the organisation as and when required from the parent company.

The parent company financial support to ElectrAg includes:

- business set up and ongoing working capital;
- credit support required by network distribution companies;
- Network distribution agreements
- Wholesale prudential support required by AEMO;
- Wholesale energy settlements with AEMO;

5.3 Forecast revenue and expenses

ElectrAg’s forecast financials for the first 5 years of operations are provided in the ElectrAg Business Plan.

5.4 Declaration from the Chief Executive Officer

Attachment 14 contains our Chief Executive Officer’s written declaration that ElectrAg is a going concern with no known impediments to its ability to operate as an electricity retailer.

5.5 Bank Guarantees

ElectrAg is aware of this requirement and is in the process of determining all of the required information from the network distribution companies and AEMO for credit support and prudential requirements.

Upon authorisation of this retail license and prior to market entry, ElectrAg will ensure all required financial guarantees are secured for and provided to these trading counterparts.



Waterfind Holdings has a long established relationship with the Westpac Bank and we are confident that the required Bank Guarantees can be secured prior to commencing retail operations.

6.0 Entry Requirements - Suitability

6.1 Material failures, revocation of authorisations and legal actions

The officers of ElectrAg have no Material failures, revocation of authorisations or legal actions. Statements to this effect are included in Attachment 12.

6.3 Offences and prosecutions

The Officers of ElectrAg have no offences or prosecutions. Statements to this effect are included in Attachment 12.

6.4 Criminal History Checks

Criminal History Checks upon the officers of ElectrAg are available upon request

6.5 Declaration from CEO on bankruptcy

Attached in Attachment 13

6.6 Full names and residential addresses of all officers

Provided in Attachment 15

6.7 Probity policies and procedures

ElectrAg’s Risk Management framework (Attachment 6) and Training Policy (Attachment 7) provides the framework for ensuring that decisions and actions of the company maintain the highest standards for probity. Training policies will ensure that all staff members are aware of probity requirements, particularly in regards to ElectrAg’s regulatory requirements.

ElectrAg also has a Compliance Plan in place (attachment 16) that defines the processes and policies ElectrAg will use to ensure that all relevant regulations are complied with and notifications to AER occur when required.



Attachments

	Document name
Attachment 1	Recruitment Guidelines and Procedures
Attachment 2	Customer Charter
Attachment 3	Hardship Policy
Attachment 4	Privacy and Confidentiality
Attachment 5	Standard Retail Contract (Draft)
Attachment 6	Risk Management Procedure
Attachment 7	Training Policy
Attachment 8	Waterfind Holdings Ownership Structure
Attachment 9	Statements from Key Management
Attachment 10	Organisation Structure
Attachment 11	Business Plan
Attachment 12	Officers Declarations
Attachment 13	Company Certificate
Attachment 14	CEO Declaration
Attachment 15	Officers Contact Details
Attachment 16	ElectrAg Compliance Plan