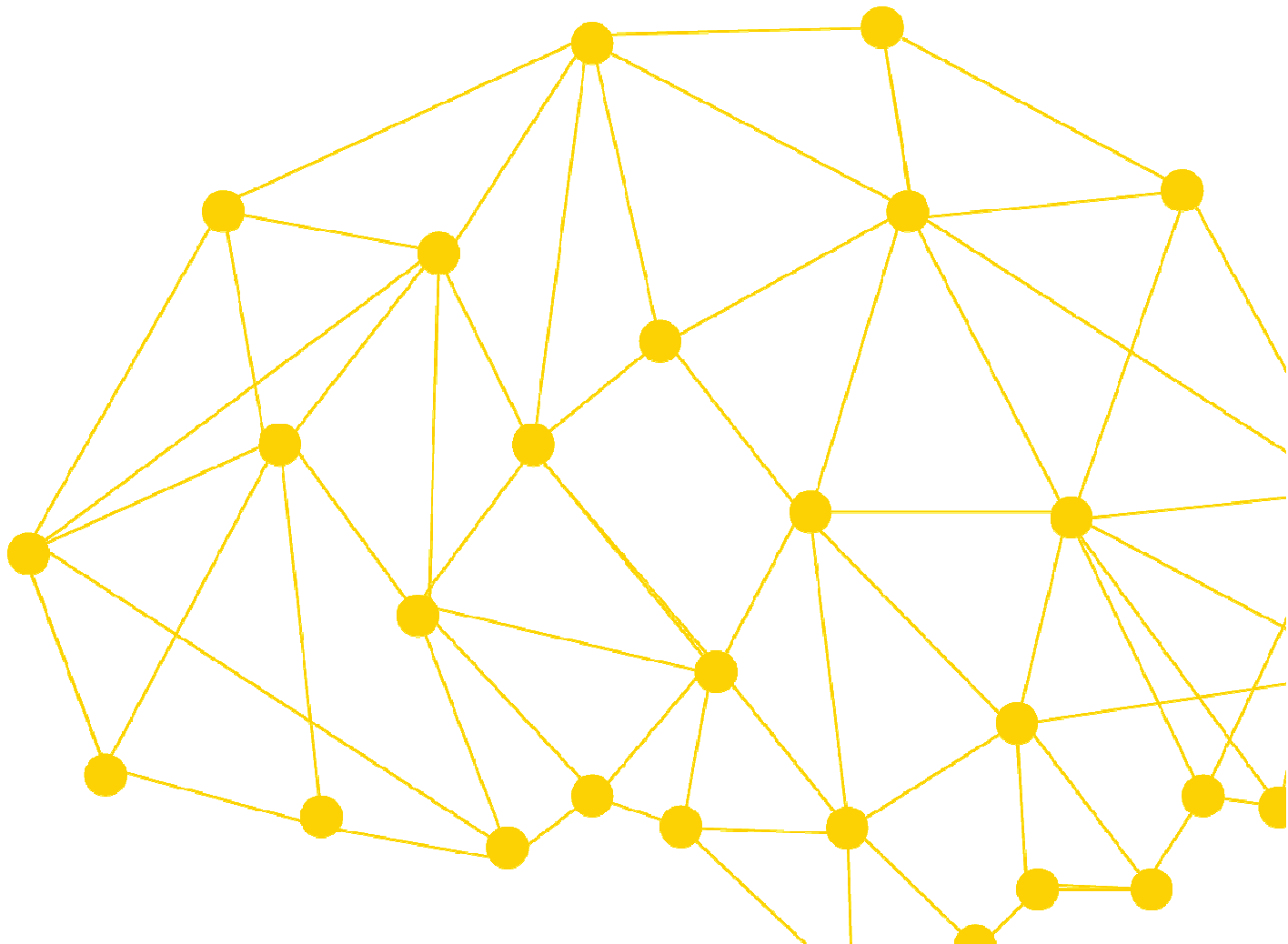


enegeNi

Application for Retailer Authorisation

JULY 2015



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1. Executive summary

Enegeni Operations Pty Ltd (**enegeni**) is seeking a retail authorisation to sell energy in New South Wales (NSW), Queensland, South Australia, the Australian Capital Territory (ACT) and Tasmania. At this stage, enegeni has no intention of entering the Victorian market. The organisation aims to commence retailing in NSW from 5 October 2015, with future expansion to Queensland and South Australia in the medium term.

enegeni is a new company with an innovative approach to retailing electricity. The business model has been established on a solid foundation of data analytics, research and market insights. The organisation's customer-centric strategy offers a compelling retail energy solution for small customers.

The enegeni business model is based on the visionary strategy of its co-founders, James Myatt and Darren Miller.

James Myatt, Chief Executive Officer of enegeni, brings over 30 years' experience in the Australian and United States energy markets to enegeni. James founded Australian electricity and gas retailer Australian Power & Gas (**APG**) and Entrust Energy in the USA. James was also an active member of key industry groups, including roles as the Chairman of the Energy Retailers Association of Australia, Deputy Chairman of Energy Assured Limited and a member of the Participants Advisory Committee of NEMMCo.

Darren Miller, Chief Financial Officer of enegeni, has had an extensive career in private equity and high technology. Darren commenced working in the energy industry in 2012, with a focus on the solar energy retail industry.

enegeni has recruited an experienced and capable team with collective experience of over 82 years in the energy industry spanning legal, regulatory, risk management, information technology, sales, marketing, customer service, data analytics, market insights and front and back office services. The team has a comprehensive understanding of the National Energy Retail Law, National Energy Retail Rules, Australian Consumer Law and privacy laws.

The foundation of enegeni's organisational and retail platform is based on robust legal and regulatory frameworks. This is demonstrated and reinforced through enegeni's organisational culture that values and rewards compliance and effective risk management.

enegeni has developed and implemented an enterprise risk management framework to support its business. This is supplemented by a comprehensive compliance framework, which it intends to develop and refine further as the business operations mature.

enegeni's business operations will be supported by a Customer Information System (CIS) and integrated Customer Management Relationship (CRM) solution to facilitate and provide first class customer service.

This application details enegeni's organisational and technical capacity, financial resources and overall suitability to provide retail energy services.

2. General particulars

2.1 Applicant name

The applicant is Enegeni Operations Pty Ltd ABN 85 604 909 837, and intends to trade under the name "enegeni".

2.2 Address

enegeni's relevant addresses are:

- i. Business address: Level 3, 280 George Street, Sydney NSW 2000.
- ii. Address for correspondence: GPO Box 7049, Sydney NSW 2001.

2.3 Scope of application and proposed operations

enegeni seeks authorisation to retail energy in Australia, with an intended date of commencement of 5 October 2015.

Initially, enegeni plans to operate as an electricity retailer in NSW, then Queensland and South Australia. enegeni will focus on small customers (as defined in the National Energy Retail Law) with future expansion into small medium enterprise and commercial and industrial retail markets.

enegeni has an innovative business model based on data, research, market insights and technology to deliver energy to consumers at competitive rates. Refer to section 3.7 and Schedule 3 for information on the enegeni Business Plan.

3. Organisational and technical capacity

3.1 Energy market experience

Although, enegeni is a new entrant in the energy retail market, its core team has over 82 years' collective experience in the Australian energy market. The enegeni team has significant experience across all key functions of the retail energy industry and the establishment of new businesses.

enegeni is founded by James Myatt, Chief Executive Officer, and Darren Miller, Chief Financial Officer.

3.1.1 Chief Executive Officer

James Myatt has over 30 years' experience in the energy sector in Australia and the US. During this time, James has founded a number of electricity retailers, including:

- Australian Power & Gas (ASX:APK), of which he was Chief Executive Officer until the company was acquired by AGL in late 2013. This business commenced operation in 2006 growing to over 350,000 customer accounts and \$500 million in revenue by 2013.
- Entrust Energy LLC based in Houston Texas, is one of the fastest growing energy retailers in the US. James is a non-executive Director of Entrust and its subsidiary companies.

Prior to the establishment of Australian Power & Gas, James acquired extensive experience across all sectors of the energy market in Australia. Key roles included:

- Chief Executive Officer of Sungevity Australia, partly owned by Sungevity Inc. based in Oakland, California, which is the third largest solar retailer in the USA. Sungevity Australia was established in 2012 and competes in the solar retail market across Australia. Sungevity uses proprietary software and high tech remote design to deliver solar installations.
- Strategic Sales Director for Energy Australia responsible for overseeing \$2.4B in sales across all markets from Commercial and Industrial to the 1.5M residential customers in NSW. During James' tenure, Energy Australia also commenced residential operations in Victoria and South Australia. The Victorian and South Australian businesses were developed from start-up and grew to over 275,000 customers before being sold to International Power. This business trades today as Simply Energy.
- Gas Portfolio Manager at TXU Australia, responsible for the running of the total gas portfolio that supported power generation and retail markets. This role also managed the Iona gas processing facility and the negotiation of multibillion dollar gas supply contracts for supply into Victoria and South Australia.

- Group Manager Marketing at Duke Energy, responsible for the origination of underpinning contracts for new projects and the marketing of project outputs to create value. Key projects included the development of the Eastern Gas Pipeline, Tasmanian Gas Pipeline and Bairnsdale Generation Projects.
- Product Manager at AGL, responsible for product development across all areas of the value chain for electricity and gas customers.

James served as Chairman and a Director of the Energy Retailers Association of Australia (ERAA). James was also a Deputy Chairman of Energy Assured Limited and a member of the Participants Advisory Committee of NEMMCo.

3.1.2 Chief Financial Officer

Darren Miller has almost 25 years' experience in corporate finance, private equity, high technology and energy industries.

Darren spent almost a decade working at the highest levels of the Packer family's investment companies (Publishing and Broadcasting Limited (PBL) and Consolidated Press Holdings (CPH)) where he was involved in mergers and acquisitions, strategy and operations of investee businesses such as Nine, Foxtel, Hoyts and Ellerton Capital.

In the past three years, Darren has worked in a variety of roles in the Australian solar industry:

- Sungevity Australia, Darren was the Director of Asset Finance and was responsible for raising asset finance to support Sungevity-owned and operated solar assets. Darren sought and negotiated term sheets for up to \$60m in asset finance. He also pioneered the product development and financing of residential solar power purchase agreements (PPA) and worked across the organisation to research, test, design, and launch Sungevity's PPA product set and service.
- Solar installation business, which Darren co-founded. He also undertook a number of consulting and advisory roles in the solar industry, and was part of a consortium that was bidding to acquire a solar leasing business.

3.2 Other relevant retail or energy market experience

James Myatt and Darren Miller have extensive experience in the retail and energy markets in Australia and internationally in the organisations detailed below:

3.2.1 Australian Power & Gas

As detailed above, James Myatt was a founder of Australian Power & Gas (**APG**), which was established in 2006 and listed on the ASX in early 2007. APG held retail licenses in all National Energy Market (NEM) states for electricity and gas. APG focussed on the residential markets in

Victoria, New South Wales and Queensland. APG quickly became the fastest growing company in Australia (as recognised by BRW in 2010 and 2011) and by early 2013 had over 350,000 active customer accounts.

In early 2013, AGL launched an off-market bid for APG, which was accepted by shareholders. The transaction completed in September 2013. At the time of the AGL transaction, APG had approximately 130 staff across two offices.

3.2.2 Entrust Energy

James Myatt is a current director and advisor of Entrust Energy, an energy retail company established in 2010 and based in Houston, Texas USA. Entrust Energy is a licensed REP (Retail Energy Provider) and has operations across Texas, California and the North Eastern States of the USA. Entrust currently has approximately 200,000 retail customer equivalents in the residential and light commercial markets.

3.2.3 Sungevity

As detailed above, James Myatt and Darren Miller were engaged as senior executives of Sungevity Australia. Sungevity Australia was established in 2012 as the Australian licensee of Sungevity Inc. based in Oakland California, which is the third largest solar retailer in the USA. Sungevity Australia competes in the solar retail market using proprietary software and high technology remote design to deliver solar installations. Sungevity is also an accredited Clean Energy Council solar retailer.

3.2.4 Energy Australia

James Myatt was Strategic Sales Director and a member of the company Risk Management Committee for Energy Australia. In this role, James managed \$2.4B in sales across all markets from commercial and industrial to the 1.5M residential customers in NSW.

3.2.5 TXU Australia

At TXU, James Myatt was Gas Portfolio Manager and a key member of the Wholesale/Trading Executive Team. James managed the risks associated with wholesale trading.

3.2.6 Duke Energy

As Group Manager Marketing at Duke Energy International (Asia Pacific), James was responsible for taking positions in the wholesale energy trading markets, making wholesale pricing offers structured from derivative products to customers, developing power purchase off-take agreements and products and developing wholesale pool-linked pricing options.

3.2.7 AGL

As Product Manager at AGL, James Myatt was responsible for strategic electricity and gas product development across all areas of the supply chain. AGL is one of Australia's largest, and oldest, vertically integrated energy companies with a diverse power generation portfolio and retailer of gas and electricity with more than 3.7 million residential and small business customer accounts across NSW, Victoria, South Australia and Queensland.

3.2.8 Solaris Power

James was Head of Product Marketing for Solaris Power, a Victorian electricity distribution and retailer. James managed development and commercialisation of Solaris product suite for the commercial and industrial markets. In 1995, AGL acquired 50% Solaris Power, and in 1998 acquired the remaining 50%, rebranding it AGL.

3.3 Organisational structure

enegeni's current organisational structure is detailed in Schedule 1.

The current employees of enegeni comprise experienced energy market professionals and as the business operations grows, further recruitment will occur, leveraging the extensive industry networks of the enegeni team.

enegeni also has an advisory board comprising individuals with technical expertise in relevant fields of practice within the energy industry.

3.4 Organisational experience

The organisation's relevant industry experience is detailed in Schedule 2.

3.5 Officers

The following details the relevant qualifications and technical skills of enegeni's officers. Within the next six months, the organisation aims to appoint other Directors to the Board of enegeni, with the focus on individuals who are able to provide strategic input and supplement the skillset of the existing Directors.

3.5.1 Chief Executive Office and Managing Director

In addition to James Myatt's experience detailed in section 3.1, James holds a Master of Marketing from Monash University and an Associate Diploma of Applied Science. He is a Fellow of the Australian Marketing Institute where he is also a Certified Practising Marketer (CPM). James is a Graduate Member of the Australian Institute of Company Directors (MAICD) and has served seven years as a Public Company Director.

3.5.2 Chief Financial Officer and Executive Director

In addition to Darren Miller's experience detailed in section 3.1, Darren holds a Bachelor of Commerce Degree (first class Honours) and is a

Chartered Accountant (Institute of Chartered Accountants Australia and New Zealand).

Darren's technical experience extends beyond energy, with experience in business establishment and advisory roles:

- In 2009, Darren founded Sumwise Pty Ltd, a high-technology business that invented and developed a new type of online financial and business modelling tool. The concepts and ideas behind Sumwise were based on his many years' of experience in spreadsheet and financial modelling.
- From 1999 to 2007, Darren worked at the highest levels of the Packer family's investment companies where he was involved in mergers and acquisitions, strategy and operations of numerous investee businesses such as PBL, Hoyts, Foxtel and Ellerston Capital.
- Prior to joining the Packer group, Darren worked for Ernst and Young (1993 to 1997) in the corporate finance division of the Sydney office. In his time there Darren worked on mergers and acquisitions, public listings, undertook independent company valuations, and various due diligence assignments.

3.5.3 General Counsel, General Manager Corporate Services and Company Secretary

As General Counsel and General Manager Corporate Services for enegeni, Joanne Tseng will manage legal, risk, regulatory, compliance and corporate services. In addition, Joanne holds the role of enegeni's Company Secretary.

Joanne has over 11 years' experience in the energy industry, with roles at Duke Energy International, Ergon Energy, Powerdirect and APG.

She has experience in greenfield roles, particularly establishing and maturing legal and regulatory functions for energy retail businesses.

Joanne is experienced in risk management (enterprise risk management and energy risk management) and regulatory compliance. She has managed the establishment and development of risk management and compliance frameworks.

Joanne holds a current unrestricted practising certificate issued by the NSW Law Society and is also an experienced company secretary.

She is a qualified lawyer having gained a Bachelor of Business and Law. She holds a GAICD of the Australian Institute of Company Directors and a Graduate Diploma in Corporate Governance of ASX Listed Entities.

3.5.4 Chief Marketing Officer

Mark Khademi worked at APG for five years, leading the development of a new online retailer energy brand, redefining the traditional model

by leveraging technology to reduce costs and use crowd-support communities to deliver an innovative customer experience.

He has spent the majority of his career working in the retail energy industries of both the United Kingdom and Australia. He is a digital native experienced in developing online businesses, marketing strategy and compelling customer propositions.

Mark has a Bachelor (Hons) of Business Studies (Strategy & Entrepreneurship).

3.5.5 General Manager Operations & acting Chief Information Officer

Martin Jenner is the General Manager Operations and is currently acting in the role of Chief Information Officer. Martin has 20 years' experience in information technology management roles working for government and private organisations.

Martin has worked in retail energy for eight years, either directly for or consulting to multiple retailers, including roles at APG as Information Technology Manager and then Chief Technologist.

Martin's industry experience includes selection and operation of multiple retail billing, network billing reconciliation and wholesale trading systems. He has a depth of experience in retail market procedures and systems, including the development of analytical capabilities and customer portals within the retail energy space.

Martin has been an active member of energy industry working groups and forums. He holds a Master of Business Administration and is a Senior Member of the Australian Computer Society.

3.6 Third party suppliers

enegeni will outsource certain technical functions such as back office functions, metering provision and data management to third parties. A description of these intended arrangements is described below. enegeni's sales strategy focusses on digital and direct marketing. It is not anticipated that the organisation will employ third parties for any direct selling strategies, such as door-to-door and telesales.

For all third party suppliers, enegeni will conduct a comprehensive risk review, which will include a review of their finance position, disaster recovery plans and continuity plans, data security and business process.

Contractual arrangements will outline minimum service level obligations that must be met by the vendors. This will include obligations to comply with specified process and procedures, complaint management handling, quality assurance, compliance with regulations and applicable laws, confidentiality and work health and safety obligations. This is in addition to terms of contract that are considered usual for an arrangement of this type.

3.6.1 Back office functions

enegeni is currently in negotiations with reputable and established third party service providers to perform certain back office functions, including the provision of a customer information system (CIS) and customer relationship management (CRM) system. Further information is detailed in Schedule 13.

3.6.2 Meter data management and meter provider

enegeni is currently in the process of finalising the contractual arrangements with a meter provider and meter reader, accredited by AEMO as a meter and data provider. The vendor will be responsible for provisioning, installing and maintaining enegeni meters. To facilitate billing, the vendor will also be responsible for collecting, processing and transferring meter data to enegeni on a monthly basis.

The arrangement requires the vendor to maintain its AEMO accreditation throughout the duration of the contract. The vendor is also required to comply at all times, and ensure that all of its representatives, involved in the provision of the services comply with applicable all laws and codes outlined in the agreement. This is in addition to terms of contract that are considered usual for an arrangement of this type.

3.7 Business plan

The enegeni Business Plan is attached to this application as Schedule 3 and is provided to the AER on a confidential basis. The Business Plan provides details of enegeni's business model; background on the Australian energy market; analysis of this market and the competitive landscape; target market analysis and definition; summary of proprietary market research findings; sales, marketing and servicing strategy; product structure and the business' competitive advantage. The Business Plan also provides the financial forecast for the business for the first three years of operations.

3.8 Launch project plan

To support the Business Plan, a launch project plan is detailed in Schedule 4, with an anticipated launch date of 5 October 2015.

3.9 Compliance strategy

enegeni has a dedicated internal Legal, Regulatory & Compliance team to implement and monitor the compliance framework, with the ultimate oversight and responsibility resting on the Board. Compliance incidents are reported to management and the Board, with an annual review of compliance controls. The compliance framework is also reviewed every two years.

enegeni's legal and regulatory compliance team is experienced in operating in the energy retail market and has processes in place to ensure it keeps abreast of changing legislation and regulations that may affect enegeni's compliance requirements. These processes include regular training, subscription to regulatory updates, and utilising the expertise of experienced legal and regulatory specialists, including Corrs Chambers Westgarth.

The compliance framework and compliance program of enegeni contain commercially sensitive information and as such are provided to AER on a confidential basis. This includes the implementation of procedures relating to compliance monitoring, regulatory reporting and complaint and dispute resolution procedures. Please refer to Schedule 5 for the suite of compliance documents.

enegeni is in the process of developing further policies and procedures required to support the compliance program and intends to have these in place prior to the commencement of operations. Copies of these further policies and procedures can be provided to AER as they are developed.

Corrs Chambers Westgarth has reviewed enegeni's compliance framework and program and provided assurance on their adequacy for the operations of the business as an electricity retailer. Corrs Chambers Westgarth's letter of assurance is provided in Schedule 6.

3.10 Risk management strategy

The Business Plan contains the risk factors associated with the establishment of the business.

enegeni has formalised its risk management framework and risk management strategy that addresses operational, wholesale energy and financial risks of the company. These documents are provided to the AER on a confidential basis as Schedule 7.

Corrs Chambers Westgarth has reviewed enegeni's risk management framework and program and provided assurance on their adequacy for the operations of the business as an electricity retailer. Corrs Chambers Westgarth's letter of assurance is provided in Schedule 6.

3.11 Retail Law contracts, policies and procedures

enegeni's market retail contract and standard retail contract have been prepared in accordance with the National Retail Energy Laws. Copies of the terms of the contracts are provided in Schedules 8 (Market Retail Contract) and Schedule 9 (Standard Retail Contract).

In addition, enegeni is developing a comprehensive suite of policies and procedures which underpin the implementation and ongoing monitoring of the organisation's compliance program.

These include:

- Privacy Policy, including Credit Policy (refer Schedule 10)
- Data handling procedures
- Customer Charter
- Customer Hardship Policy
- Standard Complaints & Dispute Resolution Procedures (refer Schedule 11)

- Code of Conduct and Conflicts of Interest Policy
- Disconnection and Reconnection policy and procedure

enegeni has developed a review process for all customer communications, that requires legal and compliance review prior to finalisation to ensure compliance with all relevant laws and regulations. This review is conducted by enegeni's legal and compliance team, who are experienced in operating in the energy retail market.

3.12 Ombudsman scheme membership

enegeni has initiated the process to become a member of the Energy and Water Ombudsman NSW (EWON) and will submit its application upon receiving retailer authorisation from the AER.

3.13 Arrangements with other key market participants

enegeni has established relationships with the following energy market participants:

3.13.1 Ausgrid

enegeni has commenced discussions with Ausgrid on the distribution network arrangements for our initial NSW target market. We will commence discussions with other relevant distribution network service providers as we look to expand into other areas.

We will commence discussions with other distribution networks as we look to expand outside the initial NSW market.

3.13.2 Australian Energy Market Operator

The Australian Energy Market Operator (AEMO) has approved enegeni's application as an Intending Participant in the National Electricity Market effective 15 July 2015 (refer to Schedule 12 for AEMO confirmation). enegeni is currently preparing its application for registration as a market customer with AEMO.

3.13.3 Austraclear

enegeni is in the process of applying to be an Austraclear participant. The Austraclear service, provided by the Australian Securities Exchange (ASX) will be enegeni's clearing house for transferring of money between AEMO and market participants.

3.13.4 Australian Securities and Investments Commission

enegeni intends to deal in electricity derivatives in accordance with its risk management strategy, and is applying for an Australian Financial Services Licence (AFSL) in order to do so.

3.13.5 Clean Energy Regulator

enegeni has commenced the process to participate in the Clean Energy Regulator's schemes. This will enable enegeni to participate and meet the reporting requirements of:

- i. National Greenhouse and Energy Reporting Scheme, under the National Greenhouse and Energy Reporting Act 2007; and
- ii. Renewable Energy Target, under the Renewable Energy (Electricity) Act 2000.

3.13.6 Energy & Water Ombudsman NSW (EWON)

As outlined in section 3.12 above, enegeni has commenced the process to become a member of the Energy and Water Ombudsman NSW (EWON).

3.13.7 Centrelink

enegeni has commenced discussion with Department of Human Services and a Centrelink to gain access to manage concession and Centrepay for qualifying customers.

3.13.8 NSW Department of Industry, Resources and Energy

enegeni has commenced discussions with NSW Department of Industry, Resources and Energy to ensure applicable customers have access to financial assistance through the NSW's government energy rebates and associated programs.

enegeni will commence discussions with other relevant state government social services bodies as we look to expand nationally.

4. Financial Capacity

4.1 Current financial position

enegeni has raised sufficient capital to establish the platform for a sustainable, profitable, retail business. As detailed in enegeni's financials (refer Schedule 14), the business has the financial capability to effectively meet the requirements of AER's retail licence requirements.

The consolidated financials detail the organisation's current financial position and forecasted financials, including profit and loss, cash flow and balance sheet with supporting commentary and assumptions.

4.2 Ownership structure

enegeni is a wholly-owned Australian subsidiary of Enegeni Pty Ltd. Enegeni Pty Ltd is a privately-owned company, with the majority shareholders being entities connected with James Myatt and Darren Miller.

In June 2015, enegeni successfully secured initial funding for its operations from a suite of 17 private sophisticated investors, with a number of parties expressing interest in further investment in the business at a later stage. These interested parties include investors with experience in the solar and energy industries in Australia and overseas. These investments were made into Enegeni Pty Ltd, which then provided these funds to Enegeni Operations Pty Ltd via an intercompany loan. Enegeni Pty Ltd and enegeni operate as a consolidated group for both financial reporting and tax purposes.

4.3 Audited financial statements

As a recently established business, audited financial statements are not available. However, enegeni has obtained a letter from the company's accountants, CharterNet, validating enegeni's financial position. This is included as Schedule 15.

4.4 Chief Financial Officer declaration – going concern

A signed declaration by the Chief Financial Officer is provided in Schedule 16. The declaration confirms enegeni is a going concern and the organisation is unaware of any factors that would impede enegeni's ability to finance energy retailer activities under the retailer authorisation for the next 12 months.

4.5 Principal financial institution declaration

Written declaration from enegeni's transactional bank, Commonwealth Bank of Australia, is provided in Schedule 17, stating that:

- i. an insolvency official has not been appointed in respect of the business or any property of the business;
- ii. no application or order has been made, resolution passed or steps taken to pass a resolution for the winding up or dissolution of the business; and

- iii. they are unaware of other factor that would impede enegeni's ability to finance its energy retail activities under the authorisation.

4.6 Prudentials and access to additional capital

enegeni understands, and has made allowance in its model for, credit support required for its various prudential requirements.

The key areas for prudential requirements for enegeni will be to:

- AEMO, as part of enegeni's participation in the National Electricity Market;
- distribution network service providers (DNSPs); and
- wholesale counterparties to support its hedging arrangements.

enegeni is intending to enter into arrangements with its wholesale electricity provider to provide a fully reallocated load following hedge, which will minimise the prudential requirements to AEMO.

Should the wholesale electricity purchasing arrangements change enegeni will calculate and ensure the availability of working capital to meet its prudential credit support obligations.

enegeni has also made financial model allowances to cover the required credit support to its wholesale provider to cover the advanced authorised reallocations.

Further to its initial fundraising through private investors as detailed above in section 4.2, enegeni plans to complete a second round of capital raising in the first half of 2016 to further support the growth and development of the business and its functions.

4.7 Forecasted revenue and expenses

Forecasted financials including profit and loss, cash flow and balance sheet and supporting narrative and assumptions are provided on a confidential basis in Schedule 14.

5. Suitability

5.1 Suitability of enegeni and its associates

enegeni confirms that neither of enegeni, its associates, businesses where enegeni's officers have held a position nor any other entity that exerts control over enegeni's activities, have been involved in any circumstances where:

- i. a material failure to comply with regulatory requirements, laws or other obligations has occurred over the previous 10 years, except with respect to APG as detailed in section 5.2);
- ii. an authorisation, authority or licence held in any industry has been revoked;
- iii. an authorisation, authority or licence application in any industry has not been successfully secured;
- iv. administrative or legal action was taken in relation to an authorisation, authority or licence, except the ACCC enforcement action against APG described in section 5.2; and
- v. a retailer of last resort (ROLR) event has been evoked or triggered.

5.2 Enforcement action against APG

From 2011-2013, a number of energy retailers, including APG, were investigated by the Australian Competition and Consumer Commission (**ACCC**) under its focus on door-to-door selling practices in the energy industry. At the time, James Myatt was Chief Executive Officer and Managing Director of APG and Joanne Tseng was General Counsel and Company Secretary of APG.

The ACCC found that between January and October 2011, APG (through the conduct of certain third party door-to-door sales representatives) made false or misleading representations whilst conducting door to door sales activities with consumers. This included where certain sales representatives had failed to clearly advise consumers that their purpose was to seek their agreement to a retail supply of energy by APG and that the representative was obliged to leave the premises immediately on request. A further incident was identified that involved the engagement of a single consumer from a non-English speaking background, with limited English reading and writing skills, which constituted unconscionable conduct.

APG operated high-volume sales activities, predominantly through door-to-door sales agents operated by third party sales channels. Despite APG having existing contractual commitments regarding compliance from the outsourced providers, requiring compliance training for each sales agent (for all relevant laws, including Australian Consumer Law) and the monitoring of the performance of these third party sales channels, the ACCC investigation highlighted issues with the controls implemented to ensure conduct of the sales agents were compliant with the Australian Consumer Law. Throughout

the investigation process and as issues came to light, APG consistently worked on improving its controls and monitoring of sales representative conduct, which included the termination of the contract with a third party sales channel. Other improvement measures included:

- implementing a further monitoring processes to more closely monitor sales representative conduct and their communications with consumers;
- reviewing all training modules for sales representatives on consumer laws and the retraining of representatives;
- reviewing test procedures for new and existing sales representatives as part of induction and ongoing training;
- reviewing sales verification procedures (i.e. procedure whereby APG would directly verify each consumer's explicit informed consent before entering into a contract with APG);
- obtaining assurances from the third party sales channels that delinquent sales representatives had either been terminated or were being retrained if appropriate; and
- creating an APG-operated sales channel, which allowed further control of sales representative conduct.

The ACCC noted APG's full and thorough co-operation with its enquiries and a voluntary undertaking was reached by consent. APG was fined \$1.1 million, made a contribution to the ACCC's costs and published corrective website and newspaper notices.

enegeni does not currently intend to engage third party sales channels and does not intend to conduct door to door selling practices. enegeni recognises the importance of implementing and maintaining a robust compliance framework, and believes that it is able to do so with the benefit of its experienced personnel and advisory board and the increased ability to directly oversee its customer engagement activities under its business model. enegeni's marketing and consumer activities will be carried out under very measured and controlled methods, through internally managed functions, to drive compliant behaviour throughout its operations.

It can be confirmed that no further material failures to comply with regulatory requirements, laws or other obligations has occurred, with respect to enegeni, its associates, businesses where enegeni's officers have held a position nor any other entity that exerts control over enegeni's activities, over the previous 10 years.

5.3 Declaration of no disqualification or bankruptcy

The Chief Financial Officer has provided written declaration in Schedule 18, stating that:

- i. No members of the management team have been disqualified from the management of corporations; and

- ii. No members of the management team have a record of bankruptcy in Australia or any overseas jurisdiction.

5.4 Suitability policies and procedures

enegeni has recruitment procedures to assess the suitability of its officers and key management personnel. The following minimum requirements apply to the recruitment process:

- the candidate must possess the competence, character, diligence, honesty, integrity and judgment to properly perform the duties of the position;
- the candidate must not be disqualified by law from holding the relevant position; and
- the candidate must have no conflict of interest in performing the duties of the position (or in the event that a conflict does exist, the conflict will not create a material risk that the person will fail to properly perform the duties of the position).

When considering the above, enegeni takes into account information relevant to the candidate's character, competence, qualifications and experience (pertinent to the duties involved), including the candidate's reputation in any relevant business or community or market.

All individuals in key management who are employed by the Company must also satisfactorily complete all general pre-employment screening checks and the verification of education, professional qualifications and experience, and comply with enegeni's policies and procedures, including but not limited to:

- Code of Conduct; and
- Conflict of Interest Policy.

As detailed in this document, enegeni's co-founders have considerable experience in the energy industry and have been able to utilise their existing network of industry contacts to recruit key personnel for the establishment of the business.

5.5 Name and addresses of officers

Full names and residential addresses of enegeni's officers are detailed in Schedule 19.