

Application for Retailer Authorisation – Gas

Energy On – Simplifying Utilities

Date: 26 September 2019



Introduction

Energy On is an Embedded Network Operator and provides billing services for the on-selling of utilities to individuals and organisations within Embedded Networks (EN). Our current operations are conducted primarily on behalf of Owners Corporations, Body Corporates, Building Owners & Managers to deliver surpluses that can be utilised for maintenance and reductions in fees. Our services also provide competitive gas pricing for the occupiers of premises within the Embedded Networks we operate.

Our business operations are conducted in accordance with the Australian Energy Regulator's (AER) Retail Exempt Selling Guideline - March 2018 and within the AER's Network service provider registration exemption guideline - March 2018 to the extent that they apply to Electrical Embedded Networks.

Energy On is an accredited Embedded Network Manager (ENM) with the Australian Energy Market Operator (AEMO) and was compliant for the regulation commencement on 1 December 2017.

With the move to a national framework of regulation, Energy On believe that a Retailer Authorisation is appropriate for our business so as:

- To better service the range of client requirements and business types we experience in our day to day business; and
- To, in the longer term, enable Energy On to extend current on-selling activities into the broader retail market where this will provide a benefit to a customer; and
- To ensure ongoing compliance as we continue to expand our operations in Victoria, South Australia, New South Wales, Queensland and the Australian Capital Territory.

Energy On has grown considerably since being founded in 2010 and over that time has developed the operational capabilities necessary for an authorised retailer.

Energy On's strategic direction is to continue to focus on the implementation and operation of Electrical Embedded Networks as well as expanding our solutions in ways that will benefit the owners and operators of the sites we manage.

Our primary customers will continue to be small – medium customers both residential and commercial, however with the growth in multi-tenant environments we see larger customers such as shopping centres and other commercial operations as growth prospects.

Whilst a retailer authorisation will enable us to sell gas to customers and businesses outside of Embedded Networks, we see the Embedded Network as our core business operation.

Required Information

General Particulars

1. Legal Name

Energy On Pty Ltd.

2. Trading Name

Energy On trades under its own name.

3. ACN / ABN of Business Entity

ACN: 145 225 485 / ABN: 90 145 225 485

4. Registered Address

Registered Address: JJP Consulting, Suite 2, 668 Burwood Road, Hawthorn East, VIC 3123.

Postal Address: PO Box 2624, Mt Waverley, VIC 3149.

5. Nominated Contact

Mr Clive Pearce | Managing Director

1300 323 263 | Clive@EnergyOn.com.au

6. Form of Energy

Gas.

7. Proposed Date of Commencement

1 January 2020 or when the AER approves the Retail Authorisation.

8. Nature & Scope of Proposed Operations

Energy On will continue with its primary operations of the on-selling of electricity within electrical embedded networks and, where appropriate in the longer term, use this experience to commence operations as a direct retailer.

Energy On is an accredited Embedded Network Manager (ENM) with the Australian Energy Market Operator (AEMO). Energy On is a Market Participant with Participant ID of "EONENM".

9. Jurisdictions

Energy On intends to operate in Victoria, New South Wales, South Australia, Queensland, the Australian Capital Territory, and Tasmania.

10. Type of Customer Energy On Intends to Supply

Our primary customers are small residential and business customers having occupancy within gas Embedded Networks.

Organisational & Technical Capacity

1. Previous Experience as an Electricity Retailer

Energy On has been managing the on-selling of electricity to residential and business customers since July 2010. Whilst our Embedded Network customers are not part of the market directly, our business requirements ensure that we act very much like a traditional retailer. We manage the whole process for invoicing customers, including meter reading, invoice creation, credit management, energisation and de-energisation, regulation compliance and customer service to customers each month.

1.1. Date & Location of Previous Operations

Energy On has been on-selling to Occupiers within Embedded Networks since July 2010. Prior to this time, Energy On's founder provided energy consulting services, including recommendations on the implementation of Embedded Networks. Primarily servicing Victoria, Energy On also supplies customers in New South Wales, South Australia and Queensland.

1.2. Form of Energy Sold

Electricity.

1.3. Scale of Operations

Current customers are divided between residential and commercial. Residential includes apartments and retirement / aged care. Commercial includes, office complexes, shopping centres and industrial estates. The number of sites, customers and associated information is included in the attached Business Plan.

Please see "**Attachment A1 – Energy On Business Plan**". This document is Commercial in Confidence.

1.4. Retail Activities Conducted

All current retail activities including site implementation, new business development, marketing and communications, meter reading / meter data collection, billing, credit management, de-energisation, customer reporting, accounting and financial reconciliation are carried out internally by Energy On staff or, where necessary, by third party contractors directly managed by Energy On.

2. Other Relevant Retail or Energy Market Experience

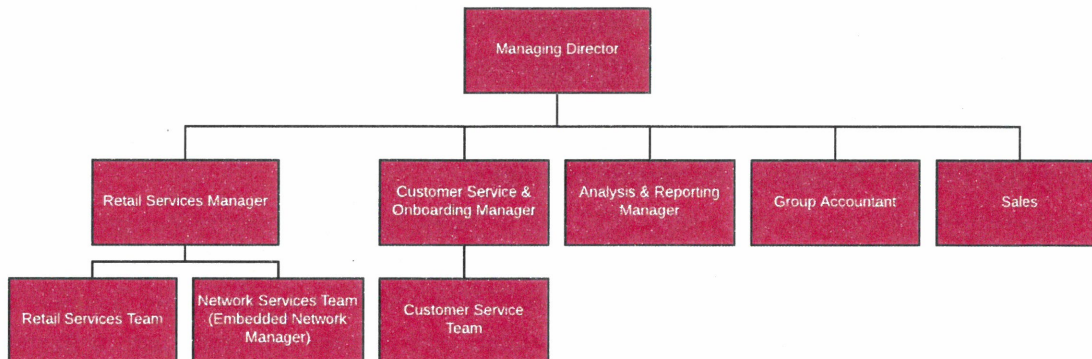
Prior to entering energy consulting, Energy On's founder had previous employment experience with a Tier 1 Retailer totalling over 10 years. The design and implementation of the Energy On business was built around the requirements of the Essential Services Commission (VIC) and the Energy Retail Code to manage operations in Victoria and has evolved over the years to comply with all requirements of the AER Guidelines for Embedded Networks. All Energy On staff are trained in strict compliance with the regulations and policies and procedures are in place as if Energy On were already a retailer.

3. No Previous Experience

N/A.

4. Organisation Chart

Energy On's Organisational Structure:



5. Employees

All Energy On employees are involved in the management of Embedded Networks. Please refer to **“Attachment A5 – Energy On Organisation and Employees”**. This document is Commercial in Confidence.

Senior Managers with direct responsibility include:

- 1 x Managing Director
- 1 x Group Accountant
- 1 x Retail Services Manager
- 1 x Customer Service & Onboarding Manager
- 1 x Analysis & Reporting Manager

6. Summary of Qualifications

Please refer to **“Attachment A5 – Energy On Organisation and Employees”** for further information. This document is Commercial in Confidence.

6.1. Clive Pearce – Managing Director

Clive is the Managing Director of Energy On and has been involved in energy retailing and consulting for over 20 years. Clive founded Energy On after several years running an energy consulting business. His expertise in energy covers regulatory requirements, energy efficiency, pricing (both retail and distribution), tariff analysis, measurement and management. Clive has a thorough understanding of the energy industry and brings this to our clients in ensuring that their sites are managed appropriately and efficiently. Clive oversees the entire business with a focus on the consulting arm.

6.2. Karen Woods – Group Accountant

Karen is the Group Accountant of Energy On and related companies and has overall responsibility for the all-encompassing accounting function, including Accounts Payable, Accounts Receivables, Payroll, Compliance and Forecasting. She has previous experience in Financial Management having worked for the Ford Motor Company group for over 30 years, primarily in Profit Analysis, Risk Management and Treasury functions. Karen has been with Energy On since September 2014 and brings considerable commercial expertise to the financial management of Energy On.

6.3. Rosa Di Noto – Retail Services Manager

Rosa has been with Energy On since January 2014 and is the Retail Services Manager. Rosa oversees the customer billing process including debtors and payments. Her responsibilities include staff management, scheduling billing and reminders, allocation and management of payments, management of debtors and assisting with site reporting. Rosa has a Bachelor of Business, majoring in accounting and finance, and has undertaken industry training with the Energy and Water Ombudsman Victoria (EWOV) and other parties.

6.4. Hannah Pham – Analysis & Reporting Manager

Hannah has been with Energy On since early 2012 and is the Analysis & Reporting Manager. In this role Hannah is responsible for parent meter reconciliations for consumption and price, annual pricing reviews for occupiers, tariff analysis, and financial site reporting. Hannah also oversees some occupier billing. Hannah has a background in accountancy and graduated from Deakin University with a Bachelor of Commerce.

6.5. Elizabeth Buxton – Customer Service & Onboarding Manager

Elizabeth has been with Energy On since 2015 and is the Customer Service & Onboarding Manager. Elizabeth oversees the customer service team and the onboarding of new sites and occupiers. This includes the implementation of Embedded Networks from the initial site audit through to signing up customers. Elizabeth has over 5 years' experience in customer service and ten years' experience in production and operations. She is experienced in administration, office management, supervisor, sales support and working with internal & external stakeholders.

7. Third Party Service Provision

Energy On sees no situation where technical aspects of our Retailer Authorisation such as billing or telephone services would be outsourced to a third party.

Currently Energy On utilises the services of a number of meter providers and meter data providers.

Copies of standard agreements, marked as Commercial in Confidence, with each of these suppliers can be found as **“Attachment A6 – Contractor Agreement - UASG”** and **“Attachment A6 – Contractor Agreement - Skilltech”**.

8. Business Plan

A copy of the 2019 Energy On Business plan, marked as Commercial in Confidence, can be found in **“Attachment A1-1 – Energy On Business Plan”** and **“Attachment A1-2 - Energy On Financial Forecast - 2020, 2021 & 2022”**.

9. Compliance Strategy

To demonstrate Energy On's knowledge and understanding of the obligations imposed on authorised retailers under the Retail Law and Retail Rules and applicable statutory, industry and technical requirements please see the Energy On Compliance Documentation:

- **“Attachment A2-1 - Compliance Strategy”**,
- **“Attachment A2-2 - Compliance Management Policy”**,
- **“Attachment A2-3 - Compliance Process”**,
- **“Attachment A2-4 - Delegation Manual”**,
- **“Attachment A2-5 - Compliance Reporting Procedures”**, and

- **“Attachment A2-6 - Compliance Obligation Register”**.

All marked as Commercial in Confidence, are attached.

Energy On’s compliance programs were reviewed by Ashfords Audit and Assurance. The Energy On compliance systems and process have not be altered since the review with the exception of the reallocation of General Manager reporting responsibilities to the Managing Director.

At the time of writing, there are no known gaps in skills and knowledge. Staff training and compliance familiarisation is conducted regularly in line with **“Attachment A5-7 - 2017-2020 Training Plan”**.

10. Risk Management Strategy

A copy of the Energy On Risk Management Policy, marked as Commercial in Confidence, can be found in **“Attachment A3 – Risk Management Policy”**. This document has been developed with input from Senior Management, External Audit and the Managing Director. It has been approved for use by the Director(s).

Energy On’s risk management strategy was reviewed by Ashfords Audit and Assurance. The Energy On Risk Management Policy has not be altered since the review with the exception of the formatting and a review of content where it was found no changes to the Policy were necessary.

11. Risk Management Audit

A copy of the external audit, marked as Commercial in Confidence, performed on our Risk Management Strategy can be found in **“Attachment A4-1 – Compliance Audit Report – Risk Management”**. This Audit confirms that Energy On is Compliant with Australian Standard AS/NZS ISO: 31000/2009 “Risk Management – Principles and Guidelines”.

A copy of the external audit of our Compliance Program can be found in **“Attachment A4-2 – Compliance Audit Report - Compliance”**. This Audit confirms that Energy On is Compliant with Australian Standard AS: 3806-2006 “Compliance Programs”.

12. Additional Risk Management

Copies of the Energy On Risk Management Documents:

- **“Attachment A 5-1 - Risk Treatment Plan”**,
- **“Attachment A 5-2 - Disaster Recovery Plan”**,
- **“Attachment A 5-3 - Risk Consequence & Likelihood”**,
- **“Attachment A 5-4 - Risk Management Plan”**,
- **“Attachment A 5-5 - Risk Management Register”**,
- **“Attachment A 5-6 - Stakeholder Communication Plan”**,
- **“Attachment A5-7 - 2017-2020 Training Plan”**,
- **“Attachment A 5-8 - Energy On Committee Terms of Reference”**, and
- **“Attachment A 5-9 - Energy On Human Resources Policy”**.

Marked as Commercial in Confidence and attached.

13. Energy Industry Ombudsman Schemes

Energy On does not currently participate in any Energy Ombudsman Schemes. Energy On will participate in any scheme as required as part of our Retailer Authorisation. Dispute management is currently handed through our Complaint Handling Policy. Further escalation of disputes are referred to the Resolution Institute.

As required by the Australian Energy Regulator's Network Exemption Guidelines, all exempt parties are members of the various ombudsman schemes.

14. Market Participation Arrangements

Energy On has obtained Market Participant status from the Australian Energy Market Operator as an accredited Embedded Network Manager. The Energy On Market Participant ID is EONENM.

Our current plan is only to on-sell gas in Embedded Networks. Our contracts allow for the beneficial owner of the network or the relevant Bodies Corporate to assume responsibility for the relevant contracts and on-selling arrangements in the event of a failure by Energy On Pty Ltd.

15. Additional Information

N/A.

Financial Capacity Criterion

1. Existing Businesses

1.1. Financial Statements

Copies of required 2019 Financial Statements, marked as Commercial in Confidence, can be found attached:

- **“Attachment B1-1 - 2019 Financial Report – Energy On Pty Ltd”**;
- **“Attachment B1-2 - 2019 Financial Report – [REDACTED]”**; and,
- **“Attachment B1-3 - 2019 Financial Report – [REDACTED]”**.

1.2. Notes to Financial Statements

Notes have been provided within the attachments.

2. Evidence of Credit Rating

Energy On does not have a credit rating.

3. Start Up Businesses

Energy On is not a start-up business.

4. Related Companies

Energy On is part of a related group of companies.

- 4.1. Details of related companies, marked as Commercial in Confidence, can be found in **“Attachment B2 – Energy On – Related Companies”**.
- 4.2. Details of arrangements between related companies, marked as Commercial in Confidence, can be found in **“Attachment B2 – Energy On – Related Companies”**.
- 4.3. Audited financial statements for the group, marked as Commercial in Confidence, can be found:
 - **“Attachment B1-1 - 2019 Financial Report – Energy On Pty Ltd”**;
 - **“Attachment B1-2 - 2019 Financial Report – [REDACTED]”**; and,
 - **“Attachment B1-3 - 2019 Financial Report – [REDACTED]”**.

5. Going Concern

A declaration signed by the Managing Director and Group Accountant stating that Energy On is unaware of any factors that would impede our ability to finance our energy retailing activities is enclosed as **“Attachment B3 – Energy On – Going Concern Declaration – Sept 2019”**. This document is Commercial in Confidence.

6. Independent Financial Statement

A statement from the Energy On external accountant that there are no insolvency related issues with respect to the business is included as **“Attachment B4 – Energy On – Independent Financial Statement”**. This document is Commercial in Confidence.

7. Bank Guarantees

Energy On has processes in place to access additional capital if required. Please see **“Attachment B5 – Energy On Guarantee”** for further details. These documents are commercial in confidence.

8. Forecast

A forecast is been supplied as **“Attachment A1-2 - Energy On Financial Forecast – 2020, 2021 & 2022”**, marked as Commercial in Confidence.

9. Additional Information

Energy On has been preparing for the submission of a Retailer Authorisation for over 36 months. In preparation we have been developing our internal practices to reflect the requirements upon us when Authorisation is granted. An example of our Performance Reporting Procedure included as **“Attachment A7 – Energy On Performance Reporting Procedure”**. Energy On understands that formalisation of this policy and procedure will occur following our Authorisation. This document is Commercial in Confidence.

Suitability Criterion

1. Suitability Details

A declaration signed by the Managing Director and Group Accountant addressing points 1.1 to 1.5, Required Information – Suitability is enclosed as **“Attachment C3 – Energy On – Suitability Details Declaration – Sept 2019”**. This document is Commercial in Confidence.

2. Prosecution & Other Offences

Energy On confirms that our Managing Director and Group Accountant have not been involved in any prosecutions under any territory, state, Commonwealth or foreign legislation including, but not limited to, the items identified in this guideline. Please refer to **“Attachment C3 – Energy On – Suitability Details Declaration – Sept 2019”**. This document is Commercial in Confidence.

3. Criminal History

Upon request, Energy On is happy to commit to a criminal history check on any Director or employee who will have a material impact on the management of Energy On as an authorised retailer.

4. Written Declarations

Written declarations from the Group Accountant and Managing Director confirming that no management team members have been disqualified from the running of corporations or have a record of bankruptcy are included as **“Attachment C1 – Energy On – Directors & Officers Declaration – Sept 2019”**. This document is Commercial in Confidence.

5. Full Names

Full name and address details for all officers are included, marked as Commercial in Confidence, as **“Attachment C2 – Energy On – Directors & Officers Address Details – July 2019”**. This document is Commercial in Confidence.



6. Probity & Competence

The policies and procedures included as attachments highlight the requirements of probity and competence. These include, but are not limited to, the Energy On Risk Management and Compliance policies and other attached policy information.

7. Additional Information

N/A.

Confidential Documents

Attachment A1 – Energy On Business Plan
 Attachment A1-2 - Energy On Financial Forecast - 2020, 2021 & 2022
 Attachment A2-1 - Compliance Strategy
 Attachment A2-2 - Compliance Management Policy
 Attachment A2-3 - Compliance Process
 Attachment A2-4 - Delegation Manual
 Attachment A2-5 - Compliance Reporting Procedures
 Attachment A2-6 - Compliance Obligation Register
 Attachment A3 – Risk Management Policy
 Attachment A4-1 – Compliance Audit Report – Risk Management
 Attachment A4-2 – Compliance Audit Report - Compliance
 Attachment A5 – Energy On Organisation and Employees
 Attachment A5-1 - Risk Treatment Plan
 Attachment A5-2 - Disaster Recovery Plan
 Attachment A5-3 - Risk Consequence & Likelihood
 Attachment A5-4 - Risk Management Plan
 Attachment A5-5 - Risk Management Register
 Attachment A5-6 - Stakeholder Communication Plan
 Attachment A5-7 - 2017-2020 Training Plan
 Attachment A5-8 - Energy On Committee Terms of Reference
 Attachment A5-9 - Energy On Human Resources Policy
 Attachment A6 – Contractor Agreement – UASG
 Attachment A6 – Contractor Agreement - Skilltech
 Attachment A7 – Energy On Performance Reporting Procedure
 Attachment A8 - Energy On Corporate Social Responsibility Policy
 Attachment A9 - Energy On Cyber Security Policy
 Attachment A10 - Energy On Environmental Policy
 Attachment B1-1 - 2019 Financial Report – Energy On Pty Ltd
 Attachment B1-2 - 2019 Financial Report – 
 Attachment B1-3 - 2019 Financial Report – 
 Attachment B2 – Energy On – Related Companies
 Attachment B3 – Energy On – Going Concern Declaration – Sept 2019
 Attachment B4 – Energy On – Independent Financial Statement
 Attachment B5 – Energy On Guarantee
 Attachment B5-1 – August Bank Statement
 Attachment B5-2 – May to August Bank Statement
 Attachment C1 – Energy On – Directors & Officers Declaration – Sept 2019
 Attachment C2 – Energy On – Directors & Officers Address Details – July 2019
 Attachment C3 – Energy On – Suitability Details Declaration – Sept 2019

Non-Confidential Documents

Appendix 1 - Sale of Utility Agreement - Residential
 Appendix 2 - Sale of Utility Agreement - Business
 Appendix 3 - Financial Hardship Policy
 Appendix 4 - Connection, Reconnection & Disconnection Policy
 Appendix 5 - Life Support Policy
 Appendix 6 - Complaint Handling Policy
 Appendix 7 – Welcome Pack
 Appendix 8 - Privacy Policy