



HABITAT ENERGY SYSTEMS PTY LIMITED

Solar for Life

Application for Individual Exemption AER

June, 2015

Information Required for Individual Exemption Application

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

Habitat Energy Systems Pty Limited

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

N/A, trading name and legal name are the same

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

ABN 35 606 144 361

- 4 Registered postal address for correspondence.**

C/- JS Accounting Group
Suite 605, Level 6, MacDonell House,
321 Pitt Street
SYDNEY NSW 2000

(PO Box A608, Sydney South, NSW 1235)

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

John Meeves
Accountant/Administrator
C/- JS Accounting Group (as per question 4)
Phone (02) 8021 2645
Fax (02) 8021 2745
johnm@jsag.com.au

- 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?**

[REDACTED]

The business model is not like that of a traditional retailer, and we therefore feel an exemption is appropriate in our circumstances.

The model will operate where the customer retains their contractual agreements with their retailer. The retailer provides the primary source of power.

The SPPA with Habitat Energy Systems Pty Limited is in addition to a supply arrangement with the customer's existing agreement with a retailer. Loss of supply from Habitat Energy Systems does not diminish or cancel the customer's access to electricity from their retailer. Habitat Energy Systems Pty Limited will not guarantee supply. What is offered is lower cost electricity for a small part of their consumption.

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.

We understand an answer is not required for this question from your website.

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

[REDACTED]
[REDACTED] Then to provide a cheaper supplementary source of power for commercial and industrial customers, produced at their premises with no onsite costs to them.

To remotely monitor the efficiency of those systems and replace or alter the systems under warranty to ensure that maximum energy cost savings are achieved.

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.

The individual exemption is sought for selling electricity generated by solar PV systems installed on the customer's sites. The customers will be connected to the existing main energy grid.

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

We understand an answer is not required for this question.

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

As soon as possible after the receiving retail exemption, if approved and before any SPPA's are entered into.

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.

We understand we are not required to answer this question.

13 Details of any experience in selling energy, for example:

- **date/s and location/s of previous operations**
- **form/s of energy sold**
- **scale of operations (that is, the number, size and type of customers)**
- **an explanation of which activities will be conducted in-house and which will be contracted out to third parties.**

There is no previous experience in selling energy. However, extensive and detailed research has been undertaken over a number of months in respect to the profitability, cash flow and general operations of SPPA's, and the solar industry in detail. This has involved researching the efficiency of batteries and panels in depth over a period of 8 months. The proprietor of the business holds tertiary qualifications in another discipline and runs a very successful business. [REDACTED]

[REDACTED]

[REDACTED]

The intention is to sell to large and commercial customers in [REDACTED] NSW.

Initially, meter reading and billing will be conducted in house. Later, design and installation will be incorporated into the business.

- 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.**

The applicant does not hold or has previously held, or been subject to, an energy selling or retail licence (retailer authorisation) in any state or territory.

- 15 What arrangements 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).**

We understand an answer is not required for this question.

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?**

N/A

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

The applicant will not provide other services to persons on the site of intended energy sale. The only commercial relationship to persons on the site will be the sale of energy as an ancillary supply to the customer.

- 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).**

N/A

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

N/A

- 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 arrangement.**

N/A

- 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)?**

N/A

- 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).**

N/A

- 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.**

N/A

- 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)?**

Remotely read interval meters will be used. Only "Pattern approved" Class 1 better meters such as EDMI meters will be employed.

- 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?**

All meters will be "Pattern Approved" under the National Measurement Institute (NMI). They comply with the Commonwealth National Measurement Act 1960 requirements for electricity meters installed.

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

N/A

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

N/A

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

The bills will issue quarterly to customers, unless customers request monthly bills. The bills will not be issued through a billing agent and will be issued by the applicant.

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

Customers will be able to make a complaint via phone, email or in person at our office. All written queries or complaints will be acknowledged within 5 business days.

Priority for investigation will be given to the seriousness and complexity of the complaint. All complaints will be investigated by a manager of the applicant. In circumstances where the customer believes the complaint has not been resolved they may refer the issue to NSW Office of Fair Trading.

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

N/A

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?

The applicant will make energy efficiency options available to all of its customers. Only highly efficient solar energy systems will be installed. [REDACTED]

17 Please provide any further information that you consider would assist us to assess your application.

Overview

The intention is to assist commercial operations [REDACTED] which may otherwise be prohibited on a cost basis from accessing sustainable energy to access that energy supply at a lower cost than they are currently paying. The source is green and it is a win/win/win situation for the customer, the applicant and the environment.

[REDACTED]

The proprietor of the applicant is passionate about the environment and the future of the planet and sees an opportunity to earn a long term passive income stream from helping those who cannot afford to do so, go solar, at no real cost to them.

General

Strategic direction and objectives

The strategic direction is to offer commercial and industrial electricity consumers the ability to lower the amount they pay for electricity, without incurring upfront costs. We wish to offer [REDACTED] the ability to access clean renewable energy to have greater control over their financial position. The business contract provides flexibility to allow the customer to purchase the system at a specified price after a defined period, extend the period of the contract or request removal of the system which would remain the property of Habitat Energy Systems Pty Limited.

Projected customer number forecast

[REDACTED]

Projected annual aggregate energy sales (in kilowatt hours or megawatt hours)

[REDACTED]

The market analysis and/or assumptions behind our forecasts

[REDACTED]

Financial resources supporting the business

[REDACTED]

Related Companies

There are no related companies; [REDACTED]

Sales to residential customers

The applicant intends to sell only to non-residential customers.

Pricing Structure

Customers will be charged for energy provided by a Solar PV system at their site at a rate cheaper to which they are currently purchasing electricity from their retailer. The cheaper rate will apply for the life of the contract. The customer can purchase the system after a set number of years at a predetermined price, as disclosed in the SPPA contract. Customers cannot exit that contract within [REDACTED] (depending on the system) unless there has been a sale of their property, in which case they need to either assign the contract or purchase the system from us at a predetermined price. Where a contract term is in excess of 15 years, the applicant will at its discretion undertake to update the installed solar system before the expiration of 15 years, so the customer can access newer, more efficient technology, at the applicant's cost. [REDACTED]. It is intended that the lock in clause be specifically brought to the customer's attention prior to their entering the contract. However, it is likely that the customers we supply will have no intention of selling their premises or the intention will not be for many years after installation. No early exit fees will be charged because the customer will not be able to exit the contract within the contract period, except as specified above. It needs to be emphasized that during the contract period, the customer will be provided with electricity at a substantial discount to those costs otherwise applicable to them should they have not entered the contract, which is an offset for being locked in [REDACTED]

Failing to pay an account, remedies for non-payment, disconnection and re-connection costs.

A late fee will be charged for non-payment, calculated at 7% per annum. Accounts will be 30 day accounts. If a customer fails to pay the account for 3 consecutive months, the system may be disconnected and would not be reconnected until the debt is discharged. Fair and reasonable disconnection and reconnection costs would be at the customer's expense. We note the customer would on disconnection be charged the full amount of electricity from their retailer. As a last resort or after extensive and repeated failure to pay the regular accounts, and failure to comply with at least two repayment programs within two years, the applicant will remove the system at the customer's expense predetermined in the contract.

How is the customer's contract terminated?

The customer's contract is terminated by completion of the agreed time period, or sale of the property at which the panels are installed, or assignment of the contract to a new owner. The contract may otherwise be terminated by the applicant at the request of the customer at the applicant's discretion. The purchase price of the system in these circumstances will be predetermined by the contract.

Ownership of the Solar Panels and the end of the contract

The contract will provide the following options to the customer:

An ability to renew the contract for a further term; or

The customer may purchase the panels at a discounted, predetermined rate; or

The customer may request that the system be removed by the applicant at the applicant's cost.

Green energy certificates or rebates and feed-in tariffs generated by the solar system

[REDACTED]

Financial Difficulties encountered by the applicant

The solar system is an asset of the applicant company. If the company falls into financial difficulty that asset would be managed under some form of administration of the applicant's affairs by a third party.

The electricity purchased from Habitat Energy Systems is a supplemental source of power. The customer is still connected to the grid, and power supply would not fail unless the customer in turn breached its agreement with its retail provider. All that would happen is that the customer would no longer receive any electricity bills from the applicant.