

First Solar Application for Individual Exemption

Information required for individual exemption applications

In accordance with Appendix B of the Exempt Selling Guideline Version 2 (July 2013)

General information requirements

Please provide the following information in your application for the grant of an individual exemption:

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

First Solar (Australia) Pty Ltd

- 2 Your trading name if different to your legal name. (N/A)

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

66 141 686 946

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

C/O Allens Corporate Services Pty Ltd,
Level 5, Deutsche Bank Place,
126 Phillip St,
Sydney, NSW, AU 2000

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

Ms Nicole Ghiotto
Manager, Technical Sales
First Solar (Australia) Pty Ltd
Level 3, 16 Spring St
Sydney NSW 2000
(02) 9002 7772
nicole.ghiotto@firstsolar.com

- 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.

This application for individual exemption is for the sale of electricity through solar power purchase agreements (PPAs) for solar power systems installed on the premises. The solar power systems are likely to be of a commercial scale rated at less than 1MW and will be connected behind the customer meter.

First Solar's primary business is to sell solar power systems to customers, but is also interested in selling energy to customers in some instances, particularly for the smaller projects that it is interested in acquiring post-completion. As selling energy is not First Solar's primary business, First Solar does not require a retailer authorisation, and a retailer exemption is more appropriate, in accordance to Section 4.2 of the Exempt Selling Guideline.

- 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.

The Seller intends to enter into or acquire novated PPAs at various locations to sell electricity from solar electricity produced by solar power systems at those locations.

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

The development, construction, ownership, operation, maintenance, sale of equipment for, and electricity generated from, solar photovoltaic power systems.

- 9 The form of energy for which you are seeking the individual exemption (electricity or gas). For electricity, please state whether the network you propose to sell is directly or indirectly connected to the main grid or is (or will be) an off-grid network.

Electricity to be sold behind the meter at premises that are connected to the main grid.

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

No

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

First Solar intends to commence selling energy as soon as possible.

- 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.

First Solar intends to sell energy to a range of customers at a variety of sites, most of which remain unknown at this time.

- 13 As noted First Solar has a number of identifiable potential customers at this time but is restricted from disclosing customer details by obligations of confidentiality. First Solar may be able to obtain the consent of some potential Customers for disclosure as requested by AER, but First Solar cannot anticipate whether or not such consent would be forthcoming even if requested. Details of any experience in selling energy, for example:

- date/s and location/s of previous operations

First Solar affiliate Weipa Solar Farm Pty Ltd (**WSF**) has entered into a PPA with RTA Weipa Pty Ltd, a mining company, for the supply of electricity to a bauxite mine and associated community at Weipa, Queensland.

- form/s of energy sold

This PPA is for the sale of electricity produced from a solar power system connected to a local network; not connected to the main grid.

- scale of operations (that is, the number, size and type of customers)

This PPA is to a single customer – the owner of a bauxite mine

- an explanation of which activities will be conducted in-house and which will be contracted out to third parties.

In this instance WSF is the developer and owner and First Solar is the builder of the solar power system, which is currently under construction. Electricity supply under the PPA has not yet begun.

- 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.

None currently or previously held

- 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).

During the term of the PPA the customer will continue to buy energy directly from its chosen retailer – this PPA will only cover energy produced by the solar power system on the premises. Should First Solar cease to supply energy, the customer will continue to buy power from its retailer.

Particulars relating to the nature and scope of the proposed operations

To determine whether it is appropriate to exempt you from the requirement to hold a retailer authorisation, we need information on the nature and scope of the operations you propose to conduct. Please answer the following questions:

- 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?

Solar PPA customers will not be tenants of First Solar.

- 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 Commercial arrangement will only be for the sale of energy to the customer. There may be situations where First Solar may lease or license the roof space to install the solar power system for a nominal fee.

- 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).¹

The intention of the PPAs are to sell to business owners only.

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

No; energy sold under the solar PPA will be produced from the solar power system on the premises and consumed on premises.

- 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)?

First Solar is likely to sell up to 2000 kWh / kWp / per annum to each customer. For a 100kW system this is equivalent to 200MWh per annum

- 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).

No

- 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.

¹ For electricity, large customers are customers who consume 100 MWh pa or more in New South Wales, the ACT, Queensland and Victoria, and 160MWh pa in South Australia; and for gas, customers who consume 1TJ pa or more.

The solar power system will be installed behind the meter of each of the premises.

- 9 What types of meters will be used? For example, basic/accumulation meters, manually read interval meters or remotely read interval meters? Will these meters allow your customers to change retailers (i.e. not source their energy from you)?

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

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

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

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

- 10 What accuracy standards apply to the meters? Do the meters comply with Australian Standards? If so, specify which Standard or Standards. For electricity meters, will the meters comply with National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013?²

Yes, each meter will:

(a) comply with Australian Standard AS62053.21;

(b) be a utility meter of at least class 2 or better; and

(c) comply with the National Measurement Act 1960 (Cth) requirements for meters installed from 1 January 2013.

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

The solar meter is proposed to be read monthly via GSM modem.

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

² For further information, see www.measurement.gov.au.

Not applicable

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

First Solar will bill the customer monthly via a billing agent.

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

The PPA contains customary provisions relating to interruptions in supply, governing law, disputes, termination rights and limitations of liability. The PPA does not seek to contract out of customary statutory entitlements and protections regarding complaints and disputes.

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

No energy rebates or concessions are made available.

- 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?

Solar power systems provide the energy sold under the PPAs.

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

In response to additional queries and discussions with the AER, First Solar has provided the following information for this application:

- 1 Within which jurisdictions are you intending to sell your SPPA product?

In the initial phase First Solar intends to sell Solar PPA's to customers in New South Wales, but there is potential to engage customers in other states within the NEM.

- 2 What are your projected customer number forecasts and annual aggregate energy sales?

[REDACTED]

- 3 Who will be responsible for the maintenance and repair of the solar system once it is installed?

First Solar will either engage the installation contractor as the maintenance contractor, or will utilise its own operations and maintenance crews, depending on the location and the nature of the system.

- 4 You have mentioned that a billing agent will be used, will any other elements of the business be outsourced?

The installation, maintenance services and billing services will be outsourced to third parties in most cases.

- 5 How many years will the SPPA be for?

The Solar PPAs have terms of up to 25 years.

- 6 Will customers be required to buy all the energy produced by the solar panels, or just the amount they consume?

The systems are sized to produce power below the daily fluctuations of energy usage. The customer will pay for all generated electricity except in the usually unlikely event that the consumed electricity is less than the generated electricity in any 12 month period (reset annually on the anniversary of the signing of the contract).

- 7 What happens to the solar panels at the end of the contract? Who owns them?

First Solar owns the system at the end of the contract. First Solar will decommission the system at the end of the term and will recycle the modules in accordance with our module recycling program.

- 8 Who will own any green energy certificates or rebates, including feed-in tariffs, which are generated by the solar system?

First Solar and/or its partner will own the Small-scale Technology Certificates (STCs), in order to transfer them or sell them, in order to bring down the cost of electricity. First Solar and/or its partner also maintain the rights to any other grant, rebate or other benefit granted by state or commonwealth governments.

- 9 Does First Solar (Australia) hold any industry accreditation, such as from the Clean Energy Council?

First Solar employs individuals who hold Clean Energy Council accreditation who would be involved in the oversight of these projects. First Solar also intends to engage contractors that hold Clean Energy Council accreditation to design and install these systems.