



Infigen Energy Holdings Pty Ltd
Application for Retailer Authority -
Electricity





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PART 1 APPLICANT DETAILS

Name of Applicant: Infigen Energy Holdings Pty Ltd
ABN: 86 111 909 794
Business Address: Level 22, 56 Pitt Street
 Sydney NSW 2000
Postal Address: As above
Contact: Neil Raffan
 Risk & Sustainability Manager - Australia
 Phone: 02 8031 9900
 Mobile: 0404 294 956
 Facsimile: 02 9247 6086
 Email: neil.raffan@infigenenergy.com

Authority Sought: Electricity.
Date: 12 December 2012.
Jurisdictions: All NEM jurisdictions.

Customer Class:

Infigen Energy Holdings Pty Ltd (IEH) intends to retail to large customers, defined in the National Energy Retail Regulations as a customer who consumes energy at or above the upper consumption threshold (being 100MWh pa).

Nature and Scope:

IEH is a wholly owned subsidiary of Infigen Energy Limited which in turn is part of a stapled structure listed on the Australian Stock Exchange (Infigen). Infigen is a specialist renewable energy business that develops, builds, owns and operates wind and solar farms in Australia and the US.

IEH is a proprietary company limited by shares and was formerly named GWP Europe Pty Ltd (GWP) and on 8 June 2010 had a name change to IEH. Please refer to Attachment 1 – Certificate of Registration on Change of Name.

Infigen has six wind farms in Australia with a total capacity of 557 MW and plans to expand its renewable energy business through its retailing activities and the delivery of further renewable energy projects in Australia. Infigen also owns and operates a US wind energy business, taking its aggregate wind energy business interests to 24 wind farms with a total capacity of 2,113 MW (1,646 MW equity interest).

Infigen derives its revenue from long-term off-take agreements, spot market electricity and Large-scale Generation Certificate (LGC) sales, as well as sales to a large retail electricity customer. Electricity retailing is an important element in Infigen's growth strategy, which will



allow it to secure a larger proportion of its revenue from contracted sources, allowing it to hedge its generation exposure from market price risk.

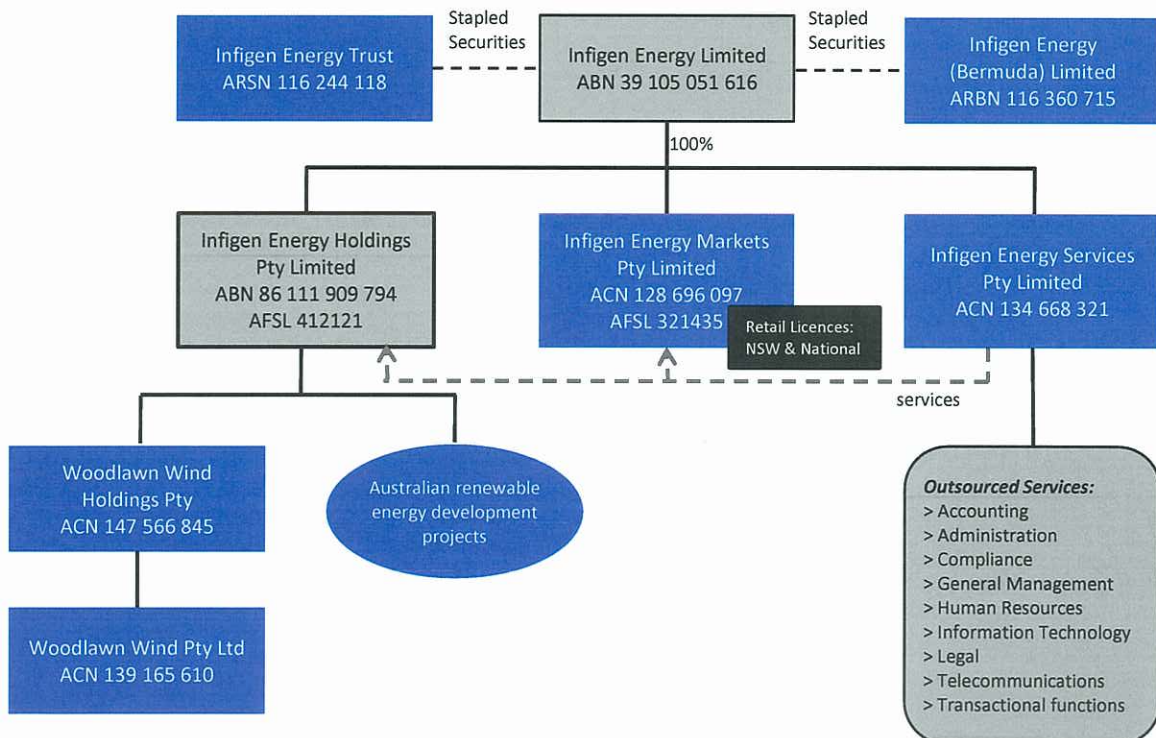
Infigen already has a retailing capability. Subsidiary company Infigen Energy Markets Pty Ltd (IEM) holds a NSW electricity retail licence and was established for the purpose of entering into a long term retail contract with the Sydney Desalination Plant (SDP) in Kurnell, south of Sydney. IEM also holds a National Retailer Authorisation (Electricity).

Infigen is now seeking to expand its electricity retailing activities via IEH due to its strong prudential reserves and its ownership of Infigen's Australian wind and solar farm development pipeline.

This application by IEH for a National Retailer Authorisation (Electricity) is supported by Infigen's existing retailing capability. The IEM entity utilises the energy markets and risk management expertise, systems and processes developed within the Infigen parent company and the Infigen Energy Services Pty Ltd (IES) entity, which is also a wholly owned subsidiary of Infigen. The expertise and resources that are already established within the IES entity will also be used to serve the retail operational requirements of IEH in its pursuit to establish a retail position within the National Electricity Market (NEM).

The relationship between the parties is illustrated in the following organisation structure diagram:

Infigen Energy Group Corporate Structure



IEH's retail activities will be supported by IES, which also currently supports the retail functions of IEM. IEH and IES have entered into an agreement (Attachment 2 – Services Agreement), which requires IES to perform the administrative and management functions, including, legal services, human resources, financial operations, risk management (including management of credit, financial, operational and regulatory risk), maintaining company



records, internal governance, IT and telecommunications and providing financial services as defined in the Corporations Act as authorised by IEH's Australian Financial Services Licence (AFSL).

IEH intends to retail only to large customers (defined in the National Electricity Retail Regulations). As a result, Infigen expects that the obligations usually required of a mass market retailer would be largely not applicable.

IEH through its Woodlawn Wind Pty Ltd (Woodlawn) subsidiary company is also a registered market participant with the Australian Energy Market Operator (AEMO) as Woodlawn is registered as a market generator.

IEH intends to register with AEMO as a market customer (retailer) once its National Retail Authorisation has been approved by the Australian Energy Regulator (AER). AEMO has confirmed the requirement to hold a licence prior to participant registration.



PART 2 ENTRY CRITERIA

1 Organisational and Technical Capacity

1.1 Details of Previous Experience

As noted in Part 1 above, IEH in its own right does not have direct retail experience, however will utilise the extensive experience in energy markets (both wholesale and retail) from both its parent company Infigen and the IES entity to support its retail activities. This is the same capability that currently supports the retail activities undertaken by IEM. It is noted again that IEM has been awarded a National Retailer Authority by the AER. IEH is therefore confident that its retail business operations will comply with the criteria required to gain authorisation.

As a fully owned subsidiary of Infigen, IEH will be supported by its parent company, drawing on substantial resources, systems and processes already in place across the Infigen group of companies. As a part of the Infigen group, IEH will be able to draw on resources and expertise from other subsidiary companies IES and IEM to ensure effective retailing capability and proper compliance with applicable laws and regulations. We also note that IEM has held a NSW electricity retail licence for approximately 3 years and has successfully operated as a retailer of electricity and renewable energy certificates to the Sydney Desalination Plant. The Desalination Plant has a maximum demand of approximately 48 MW, with electricity consumption of approximately 420 GWh per annum.

The Infigen business currently has the following retail licences or authorities in place:

- NSW Electricity Retail Supplier's Licence; and
- National Retailer Authorisation (Electricity), currently applicable in the ACT and Tasmania.

The following diagram provides a high level summary of Infigen's Australian operations:



LAKE BONNEY 1

Location: South Australia
Status: Operational March 2005
Installed Capacity: 80.5MW
Turbine: 46 Vestas V66



CAPITAL

Location: Bungendore, NSW
Status: Operational November 2009
Installed Capacity: 140.7MW
Turbine: 67 Suzlon 2.1MW S88



ALINTA

Location: Western Australia
Status: Operational January 2006
Installed Capacity: 89.1MW
Turbine: 54 NEG Micon NM82



LAKE BONNEY 3

Location: South Australia
Status: Operational June 2010
Installed Capacity: 39.0MW
Turbine: 13 Vestas V90



LAKE BONNEY 2

Location: South Australia
Status: Operational September 2008
Installed Capacity: 159.0MW
Turbine: 53 Vestas V90



WOODLAWN

Location: New South Wales
Status: Operational October 2011
Installed Capacity: 48.3MW
Turbine: Suzlon 2.1MW S88

In terms of the broader energy experience of the Infigen parent company, we note the following extensive experience:

- Infigen is the largest owner-operator of wind farms in Australia;
- In Australia, Infigen owns and operates 6 wind farms located in South Australia, New South Wales and Western Australia, with a total installed capacity of 557MW; and
- Infigen generates revenue from selling electricity and Large-scale Generation Certificates (LGCs).

From a financial contracting perspective, IEH will have access to wholesale supply sources through the significant portfolio of generation owned and operated by Infigen. IEH also has an AFSL allowing it to transact in financial derivatives instruments, providing further risk mitigation contractual opportunities. IEH will draw upon a skilled wholesale electricity market trading operation, with demonstrated experience in negotiating electricity hedges, retail contracts and managing electricity price risks across the NEM.

In terms of risk management, IEH benefits from its parent company's documented energy risk management policy and framework, supported by parent company Board approved financial and contractual delegations to manage its trading exposures and obligations. As part of this energy risk management framework, IEH has in place a credit risk function supported by detailed credit risk management standards to effectively manage credit and counterparty risk exposures.

The relevant staff have experience in electricity retail operations, from contract formation and negotiation to customer management. The team has, through its IEM subsidiary business, been involved in detailed retail supply tenders, negotiation of individual retail contracts with large retail customers and the ongoing contract and customer management of these contracted customers. The experience has also included the provision of value added services to its customers to meet Renewable Energy Target obligations.



1.2 Third Party Outsourcing

IEH will utilise the extensive internal energy markets expertise that resides within the Infigen business structure. The majority of retail related activities will be undertaken internally by Infigen resources on behalf of the IEH entity, including:

- Billing and settlements;
- Customer interface and retail account management;
- Regulatory compliance;
- Contract negotiation and management;
- Risk management;
- Wholesale electricity sales and purchases;
- Retail electricity sales; and
- Renewable product sales.

Infigen utilises a fully outsourced IT model with management and enterprise architecture functions the only permanent roles on the IT team. Close relationships are maintained with a number of specialist service providers to support existing business applications and to assist with introducing new business capability. Outsourcing IT capability and managing service providers is a specialty of the Infigen IT team and they are well placed to commence integration of outsourced retail capabilities when required.

The master service agreements for these systems and IT services are in Attachment 18 – Systems Agreements.

IEH will settle its energy purchases and sales through an established integrated financial and wholesale market settlement and retail billing function, including the settlement and invoicing of energy and network charges.

IEH utilises a solution from [REDACTED] that is responsible for receiving dispatch instructions from Infigen's replication of the AEMO MMS database and transmitting these dispatch instructions to Woodlawn, Lake Bonney 2 and 3 wind farms.

A copy of the associated agreement is attached in Attachment 3 – Dispatch Software Agreement.

IEH utilise Ausgrid (previously known as TCA) as its meter data agent. IEM appointed Ausgrid as its meter data agent for its SDP retail contract in February 2010. Ausgrid and IEM have an established business relationship on metering services, and this relationship will be extended to the IEH retail entity. Ausgrid's services are prompt and managed by a designated accounts manager. SDP's consumption data is provided to IEM on a daily basis via NEM12 files and can be retrieved via a secured login.

IEH will also utilise the following systems to ensure that it has the appropriate interface with the market and has the capability to monitor and analyse market information to ensure that the business operates in accordance with risk management policies:

[REDACTED]

The [REDACTED] software is provided by [REDACTED] and is primarily used for spot market monitoring and as an analytical tool designed for the NEM. [REDACTED] utilises real time market data as published by AEMO (including regional reference prices, demand and constraint information). [REDACTED] can also be used as a quick-reckoner for calculating derivative contract pay-offs and analysing historical statistical data.



██████████ is a multi-user deal capture and portfolio analysis system designed for electricity traders, risk managers and settlements managers in the NEM. The system can value exchange traded derivatives, over the counter derivatives, physical metered contracts and environmental products. It also features statistical portfolio analysis tools such as mark-to-market, value at risk, earnings at risk and settlement reports, amongst others. The system is capable of evaluating swaps, caps, floors, Asians, options, generation and retail loads.

The ██████████ is Infigen's primary bidding interface with the NEM. It is used by the physical market operators with Infigen's Operations and Control Centre (OCC) to submit bids, to advise the market of availability at a range of prices and for Infigen's semi-scheduled wind farms (Woodlawn, Lake Bonney 2 and 3).

As noted above, IEH will have access to a range of internal and external systems and system providers, ensuring that it has the capability to meet its retail authority obligations and to meet its internal risk management policies.

1.3 Other Retail Experience

IEH will have the benefit of a strong energy markets team supporting its retail function. The experience of John McDonald (Group Manager Energy Markets), Liam Reid (Manager Market Risk and Portfolio Analysis) and Alan Daly (Financial Controller Australia) in particular will add significant energy industry knowledge of retail and wholesale markets.

The individuals within IEH have a demonstrated background in energy contract formation and negotiation as well as being able to effectively settle against both wholesale and retail spot and contract transactions.

Please refer to section 1.6 for further key resource capabilities.

1.4 Details of Major Shareholders

Infigen is an ASX listed company, being jointly listed in a stapled security. Infigen has one shareholder that has greater than 20% interest in the company: The Children's Investment Fund Management (TCI).

TCI holds approximately 32.86% of issued capital in Infigen. A partner of TCI, Mr Philip Green was appointed as a Non-Executive Director to the Infigen Boards on 19 November 2010.

TCI is a hedge fund founded in 2003 by Chris Hohn. It contributes a portion of its profits to The Children's Investment Fund Foundation, an organisation focused on improving the lives of children living in poverty in developing countries.

1.5 Organisation Charts

The charts in this section provide further information as to the corporate structure and experience that will be utilised for the retailing operations of IEH. The first chart in this section details the relationship between Infigen and IEH as well as the linkage between Infigen's subsidiary entities and the list of services provided by IES to be utilised by IEH.

The second chart illustrates how IEH's staff are organised, noting the different business units within the organisation and the skills and experience that are available to be utilised for its



retail operations and more broadly. As illustrated in this second chart, IEH has arranged its energy markets group (front office) separate from its back office (settlements) and middle office (risk and compliance). This is considered best practice in the energy sector from a financial transaction perspective as it creates a clear delineation between those undertaking the energy contracting from those assessing the risk and those ultimately settling the contract. What is illustrated in this second chart is the level of functionality that is available to IEH in terms of being able to meet its retail operation obligations. The capability is comparable to other retail businesses in the NEM, with IEH having the capacity to meet the following core retail functions:

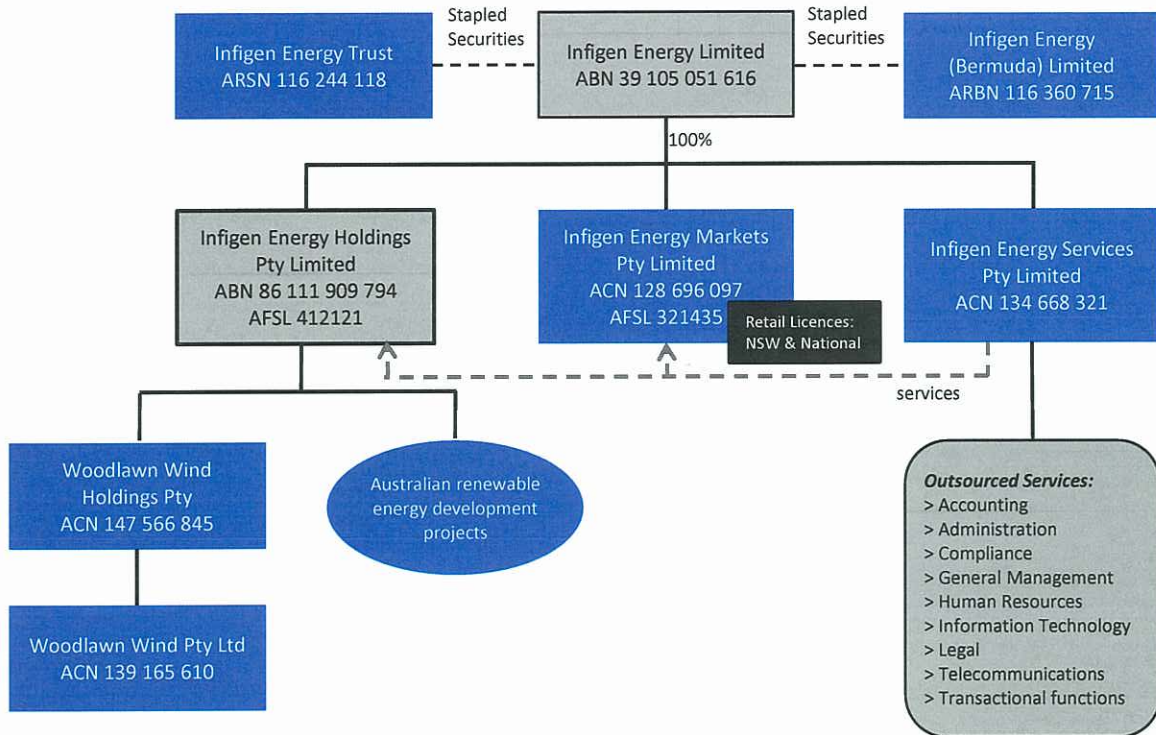
- Retail pricing
- Retail contract formation
- Retail contract negotiation
- Customer account management
- Invoicing and settlements
- Regulatory and legal compliance
- Sourcing of renewable energy certificates to meet Renewable Energy Target obligations

The third organisational chart provides further detail of the resources available to assist with the retail operations and the specific positions that report to the Group General Manager Australia. This chart specifically highlights the separation of duties to ensure that transactions are in line with risk management policies. The chart also details primary role descriptions for each of the areas that support an end to end wholesale and retail energy business. Specifically there are functional roles within IEH that will be actively engaged in growing and operating the energy retail business, including a dedicated Retail Sales Executive and back office functions to deal with settlements, invoicing and Austraclear accounts. The middle office functions are dedicated to ensuring that there is effective risk oversight, as well as compliance with licences, the AFSL and regulatory instruments.

As illustrated in all of these organisational charts, IEH has exceptional depth and experience within the energy sector and has the proven capability required to retail electricity within the NEM.

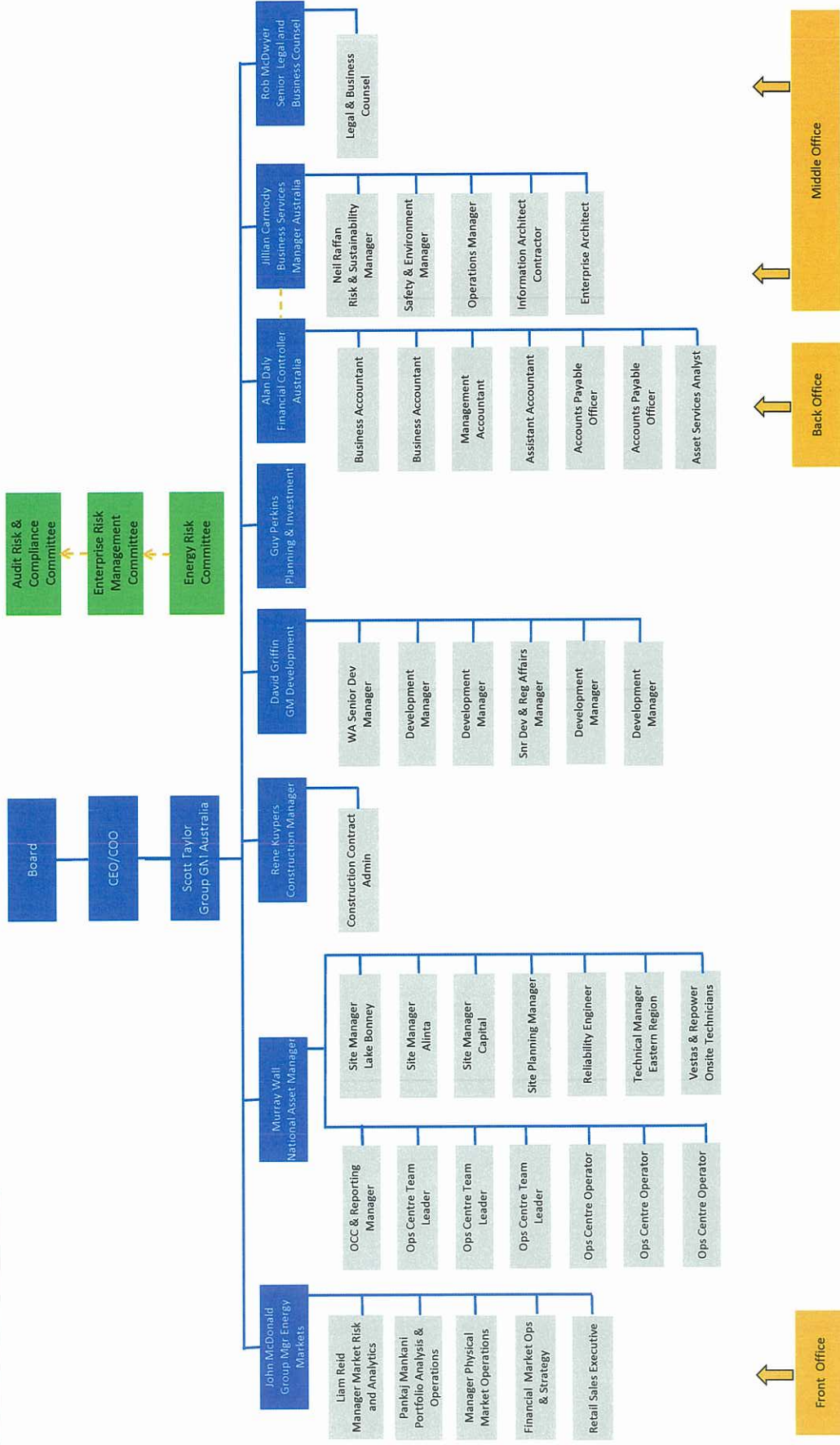


Infigen Energy Group – Company Structure

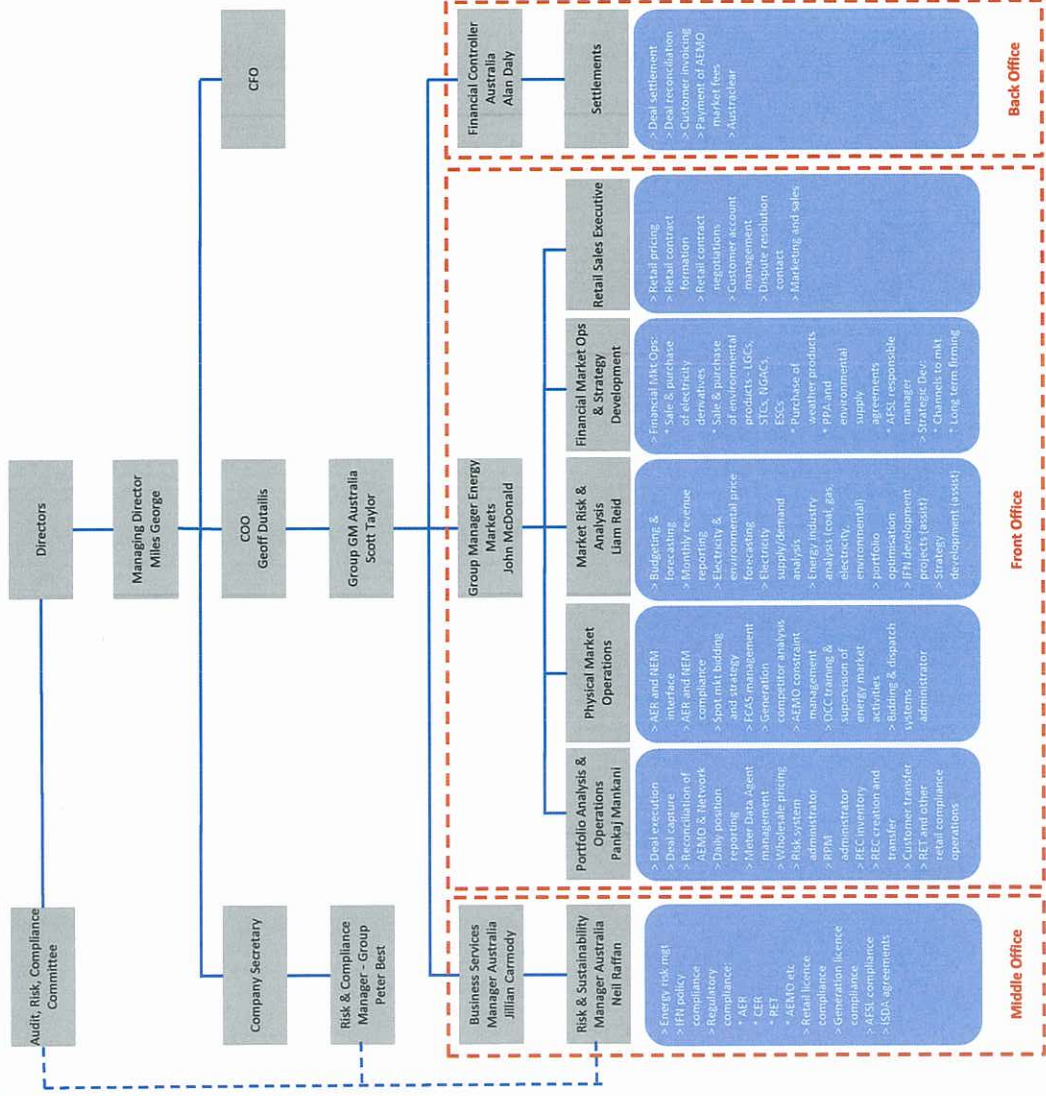




IEH Organisation Chart



IEH – Retail Business Resourcing





The above chart illustrates Infigen's energy markets structure, with the formation of a front, middle and back office functions. The structure ensures suitable functional areas are segregated from a trading, risk and settlements perspective, providing industry best practice in relation to energy trading capability arrangements. The Energy Markets business unit will continue to have a strong compliance focus, particularly in relation to retail licence requirements at both a state and national levels.

The primary retailing operations including contract pricing, offers, negotiations and customer account management will be undertaken by the front office, whilst settlements of retail contracts against meter data will be undertaken by the back office and compliance and risk management by the middle office.

1.6 Summary of Qualifications, Skills and Experience of Officers

Miles George

Managing Director - Infigen

Miles is the Managing Director of Infigen, having previously been Chief Executive Officer since 2007. Miles was appointed Managing Director in January 2009.

Miles has over 20 years experience in the infrastructure and energy sectors, and in particular renewable energy development and investment. Since 2000, Miles has been actively involved in the development and investment in wind energy in Australia and played a key role in the development of Infigen's first wind farm at Lake Bonney, in South Australia.

Miles has an exceptional understanding of the Australian and US energy markets and has been very active in wholesale and renewable energy sectors.

Geoff Dutailis

Chief Operating Officer

Geoff is the Chief Operating Officer of Infigen, with responsibility for the business and operational activities of Infigen Energy in Australia and the US.

Geoff joined Infigen Energy in 2005 following playing an instrumental role in the process of preparing Infigen for its Initial Public Offer in 2005.

Geoff has extensive experience in the development and project management of major projects, having had leadership roles on a number of landmark developments while working at Lend Lease for almost 19 years. Geoff holds a Bachelor of Engineering (Civil) (Hons) from the University of NSW with additional qualifications in management (AGSM), property and finance.

Chris Baveystock

Chief Financial Officer

Chris is the Chief Financial Officer of Infigen, with responsibility for managing of the financial risks of the business while being responsible for financial control and compliance.

Chris acted as Infigen Energy's interim Chief Financial Officer from December 2010 until his appointment as Chief Financial Officer in March 2011.

Chris has over 20 years of experience as a finance executive in mergers and acquisitions, acquisition integration, financing, project evaluation and review, bids and tenders, and all facets of reporting. His most recent roles were as Chief Financial Officer to the Tenix Group, and subsequently a number of senior finance roles at Transfield Services, including Group Financial Controller.



Chris holds a Bachelor of Arts in History from the University of Cambridge with additional certificate as Chartered Accountant from the Institute of Chartered Accountants England & Wales (ICAEW).

Scott Taylor

Group General Manager Australia

Scott has held a number of senior management roles within Infigen, Queensland Rail, Tarong Energy, Energex and Comalco Smelting. Scott previously managed Infigen Energy's US wind energy business and was also involved in a number of line management, business transition and strategy development roles.

Scott will be responsible for undertaking the following tasks on behalf of the IEH entity:

- Executive level management and oversight of retail contracts and transactions
- Approval authority and retail contract execution

John McDonald

Group Manager Energy Markets

John has over 30 years experience in the Australian energy industry, including:

- 2 years as Group Manager Energy Markets at Infigen Energy
- 6 years as General Manager Wholesale Energy operations at Babcock & Brown Power/Alinta Energy
- 7 years experience as the CEO/Sales and Trading Manager of electricity retailer Ferrier Hodgson Electricity Pty Ltd (also known as Energy One Limited)
- 15 years in a variety of commercial and technical roles at Energy Australia

John and his Energy Market team will be responsible for undertaking the following tasks on behalf of the IEH entity:

- Retailing and sales strategy
- Leadership of sales and marketing team
- Budgeting and financial oversight
- Management of product and retail contract development, including value added services
- Retail pricing
- Management of sales channel delivery
- Approval authority/contract execution
- Financial products contracting
- Renewable product sales and management

Liam Reid

Manager Market Risk and Portfolio Analytics

Liam has over 10 years experience in Infrastructure Finance and Analysis roles within the energy sectors including:

- 2 years as Manager Market Risk and Portfolio Analytics at Infigen Energy



- 2 years as Portfolio Manager at Roaring Forties Pty Ltd
- 3 years as Commercial Manager Alinta Limited

Liam will be responsible for undertaking the following tasks on behalf of the IEH entity:

- Product pricing
- Retail customer management
- Management of contract negotiation and customer transfer services
- Market research, competitor intelligence and market analysis

Pankaj Mankani

Portfolio Analyst – Market Operations

Pankaj has over 9 years of experience in a variety of analytical, risk management and operations roles within the energy and financial sectors including:

- 2.5 years as Portfolio Analyst at Infigen Energy
- 2.5 years as Senior Energy Risk Analyst at Ergon Energy

Pankaj will be responsible for undertaking the following tasks on behalf of the IEH entity:

- Portfolio operations and analysis
- Customer transfer and relationship management
- RET liability and other retail compliance management
- Meter data management

Alan Daly

Financial Controller Australia

Alan has over 15 years experience in Senior Financial roles, a number of them being undertaken within energy businesses, including:

- 1 year as Financial Controller Australia at Infigen Energy
- 3 years as Manager Corporate Reporting at Delta Electricity, prior to joining Infigen

Alan will be responsible for undertaking the following tasks on behalf of the IEH entity:

- Metering and data management
- Network payments and invoicing
- Retail billing and invoicing
- Credit risk management
- Settlements

Jillian Carmody

Business Services Manager Australia

Jillian has held senior management roles in public and private sector organisations including HBOS Australia, Brisbane City Council and the Queensland State Government. Jillian will be responsible for undertaking the following tasks on behalf of the IEH entity:

- Middle office management associated with retailing and energy trading activities



- Information and technology management
- Business support services

Neil Raffan

Risk & Sustainability Manager Australia

Neil has 9 years experience in a variety of analytical, commercial, project and risk management roles in the energy and investment industries.

Neil will be responsible for undertaking the following tasks on behalf of the IEH entity:

- Middle office management associated with retailing and energy trading activities
- Energy risk management monitoring
- Regulatory reporting
- Regulatory and licence compliance management
- Trading and contracting authorities

The above functions will be supported more broadly by additional resources in the areas of:

- Finance – financial monitoring and reporting, credit checking and approval
- Legal – contract terms and conditions, including with external legal counsel from experts including Middletons, King & Wood Mallesons and Clayton Utz
- Information Management and Technology – retail & trading systems and platforms
- Corporate – company secretary/corporate legal compliance

These resources will be augmented as required once retail operations expand to service a growing customer base. As IEH will only be targeting and retailing to large customers, there is not an intention at this stage to put in place resources that would normally be required for small residential customers such as call centres and standardised contracts.

Through the experience of IEM, which has successfully established itself as an electricity retailer to large customers, IEH will utilise these resources, systems and processes to enhance its retail operations within the Infigen group of companies.

Through both IEH and IEM, Infigen intends to apply this expanding energy retailing expertise to the sale of electricity and environmental products to retail customers in NSW, Queensland, Victoria and South Australia.

Given its strong financial position, IEH expects to be able to meet all foreseeable financial obligations and commitments under retail electricity contracts. Infigen's significant presence as an employer and major renewable energy asset owner and operator across the country, particularly in regional areas, provides further confidence in its capacity to manage and sustain a financially viable and technically competent energy business encompassing electricity retail operations across multiple jurisdictions.

More broadly, through the experience of IEM, as a registered market customer under the National Electricity Rules, the relevant team is familiar with the regulatory and operational requirements of the NEM from both a generator and retail perspective.

In summary, IEH will have the required experience, systems, processes and personnel in place to undertake its retail operations within the NEM. IEH will concentrate on large customers (above 100MWh pa) and believes that it has the energy industry knowledge, the



generation position and a combination of electricity and renewable energy certificate contract offerings to be a competitive retail business in the Australian energy market.

IEH also currently has retail licence applications awaiting approval in NSW and Queensland and will also submit an application in Victoria for a retail licence.

1.7 Details of HR Policy Regarding Employee Qualifications

Infigen has a recruitment and selection process for new employees, requiring qualifications to be determined individually for each role within the company. These qualifications are set collectively between the HR Department and the Line Manager recruiting for the relevant position.

It is the responsibility of the Line Manager and the HR Department that employees have suitable qualifications (education and experience) to undertake the relevant role within the business. The qualifications required are set out in the relevant Role Description for positions within the business.

An example of a Role Description for Infigen is contained in Attachment 4 – Sample of Infigen Role Description. In this example the role is for the Chief Financial Officer position within Infigen Energy Limited, which requires suitable tertiary qualifications in a business related discipline and specifically looks for someone who is a chartered accountant with 10 years experience in a senior finance role, ideally with a listed entity within a power or public utility entity. The Role Description for positions across the Infigen business and its subsidiary entities are equally detailed in relation to qualifications to ensure that appropriate personnel are recruited in line with the role specifications.

1.8 Training Programs and Policies to Ensure Appropriate Interaction with Customers

Infigen has a recruiting process in place to ensure that its energy markets personnel have the appropriate energy markets expertise and experience (as required by their Role Descriptions), to allow them to properly deal with retail customer requirements.

The interface between IEH and its large retail customers will be directly between those within the business who have been involved with retail contracts and retail interface requirements. The IEH personnel will have the capacity and experience to deal with retail customers on all fronts from contract negotiation and price offers to settlements and account management queries. IEH also has a strong regulatory and legal compliance focus to ensure that all retail obligations are properly managed.

IEH staff that operate within the Energy Markets team are also AFMA accredited dealers and are therefore very familiar with energy contracts, the pricing and settlement of those contracts and the terms and conditions that would generally form an agreement between the retailer and the customer.

Where required, Infigen also encourages its staff to have continual improvement through further education and professional development courses. This is covered in Attachment 5 – Professional Development Policy.

1.9 Business Plan

Please refer to Attachment 6 – Retail Business Plan.



1.10 Quality Assurance Accreditations

Infigen generally adopts Australian and international standards in the conduct of its business. Quality management practices are applied on a “fit-for-purpose” basis across Infigen’s value chain.

Complex or high risk procedures are documented. Measures such as peer-review are applied to processes including meter data management and settlements. The adequacy of procedures and the training needs of staff are assessed on a regular basis to ensure effective and accurate retailing activities.

Infigen utilises external auditing expertise to gain management assurance over its regulatory compliance process including for example, the auditing of its South Australian generation licence obligations and its Safety, Reliability, Maintenance and Technical Management Plan (also in relation to its SA generation licence obligations). This level of auditing and peer review provides further evidence that Infigen has a high regard for compliance and meeting industry best practice in terms of its systems, process and practices.

Finally, Infigen’s Internal Audit program provides a further, independent assessment of the effectiveness of Infigen’s risk management, control and governance processes (i.e. design and effectiveness of processes and controls). The plan is established on an annual basis by identifying and confirming specific Internal Audit projects aligned with Infigen’s top risks and consistent with Infigen’s strategic goals. This includes defining high level objectives, scope, resources and timing of each review. Infigen’s Board-approved Internal Audit Charter is available in Attachment 7 – Internal Audit Charter.

1.11 Compliance Strategy

Infigen’s compliance system includes a register detailing the regulatory obligations required to maintain its National Retail Authority (refer to Attachment 8 – National Retailer Authorisation Obligations Register). Infigen also has an extremely comprehensive staff training process for managing its energy position in the NEM. Please refer to Attachment 9 – Training Module (Energy Markets) and Attachment 10 – Encyclopaedia (Energy Markets) for examples of this.

The Encyclopaedia provides a comprehensive methodology for energy market personnel within IEH to transact energy within the NEM and ensuring that they meet the obligations as prescribed within the National Electricity Rules and the National Electricity Law. The Training Module also provides continuous training of energy markets personnel to ensure that they are aware of changes to regulatory instruments such as the National Electricity Rules to ensure that the company is compliant with the way it purchases and sells energy into the wholesale market. Specifically, a great deal of education and training has gone into compliance with bidding and rebidding of electricity into the spot market to ensure compliance at the wholesale level.

Infigen also has a broader emphasis on risk management and compliance across the entire business. This framework is captured within the methodology set out in Attachment 11 – Governance, Risk and Compliance Training Material.

IEH is well aware of its obligations as an electricity retailer within the NEM. Infigen already carries out and maintains policies and processes to abide by these obligations in relation to its IEM National Retailer Authorisation and will utilise these same policies and procedures to provide effective management of its obligations on behalf of IEH.

IEH also undertakes that it will only retail to large retail customers (above 100MWh pa) and as a result will request that the AER not take any action in relation to non-compliance



relating to s 43 of the National Energy Retail Law (being the requirement to have an AER approved hardship policy in place). IEH notes that the AER has afforded this effective waiver to the IEM subsidiary business in its letter dated 27 April 2012 and would duly request that IEH be afforded the same treatment in relation to this retail obligation. IEH understands that this requirement is primarily aimed at those retailing to residential customers and again note that this is not the intention of IEH. If IEH at any future point in time intends to retail to residential customers then it will advise the AER of its intention to do so and will at that point in time ensure that it meets all regulatory obligations required to retail to residential customers.

Infigen has a comprehensive complaints handling policy to ensure that complaints from shareholders, contract counterparties, customers or those of an operational nature are appropriately handled. Please refer to Attachment 12 – Complaints Handling Policy.

Further to the Complaints Handling Policy, Infigen also has a comprehensive Dispute Management System (DMS) that provides a documented process for managing disputes that may arise with one or more participants in the NEM. The DMS provides specifically for disputes that arise between market participants under the National Electricity Rules and provides a process consistent with that prescribed by the NER. Please refer to Attachment 13 – Dispute Management System for a copy of the DMS.

In relation to the dispute resolution process that IEH will follow for disputes that may arise with its retail customers, this is specifically covered in its large retail customer contract documentation.

Details of the dispute resolution clause are attached in Attachment 14 – Large Customer Retail Contract.

1.12 Risk Management Strategy

Infigen has a very strong focus on risk management from both a wholesale and retail perspective. Its strong generation position provides a strong platform from which to grow its retail position without having to take on large financial exposures in the wholesale energy market.

Infigen has a comprehensive Risk Management Policy that ensures that it has a culture, process and structure in place for achieving business objectives whilst managing potential adverse risks. The risk management process is an integral part of Infigen's overall business philosophy and governance framework.

Further, Infigen has an Australian Energy Risk Management Policy which gives the Board the primary responsibility for energy risk oversight with active review processes of the risk-return balance within strategic plans, the overall Infigen risk appetite and the Group's top risks. The Board's function as principal governance oversight means it is responsible for articulating an appropriate risk appetite and communicating this through the limits framework. The limits framework is the combination of transaction, hedge, credit and other limits. This Policy also sets out the requirement for the segregated trading, risk and settlements functions, as described in section 1.5.

IEH expects that as a wholly owned subsidiary of Infigen it will have access to generation capacity, allowing it to be in a net positive position to the spot market. This can be achieved through a reallocation process, whereby IEH is able to enter into reallocation agreements with Infigen businesses that have a generation position in the NEM to reduce its prudential exposure to the market. This will provide IEH with a significant advantage as a retailer, as its prudential guarantees to AEMO will be significantly reduced.



Infigen also has delegated authorities in relation to its contracting arrangements to ensure that the business is fully aware of the contractual obligations it is entering into and to ensure that it has the capacity (financial, credit and systems) to meet the contract terms and conditions.

The relevant Infigen policies are attached as follows:

- Attachment 15 – Risk Management Policy; and
- Attachment 25 – Australian Energy Risk Management Policy

The risk assessment of Infigen' retail business is part of Attachment 6 – Retail Business Plan.

1.13 Director Declarations

Please refer to Director Declarations in Attachment 16 – Statutory Declaration (Risk Management).

1.14 Insurance Arrangements

Please refer to Attachment 17 – Insurance Certificates.

1.15 Third Party Information

IEH will utilise outsourced third parties to provide meter data agent services and systems for its retail business operations. These outsourced services and systems have been detailed in section 1.2 (Third Party Outsourcing).

1.16 Industry Memberships

As IEH does not intend to retail to residential customers, it does not at this point intend to become a member of energy ombudsman schemes within the jurisdictions it operates.

IEH and/or the broader Infigen Energy group is a member of the following industry organisations:

- AFMA
- Clean Energy Council

1.17 Evidence of Market Agreements and Systems

IEH has been informed by AEMO that it requires approval by the AER in relation to its National Retailer Authorisation prior to gaining registration as a Market Customer. It is IEH's intention that the application to become a Market Customer will be lodged with AEMO as soon as formal approval is granted in relation to the National Retailer Authorisation.

Infigen, through its existing generation trading interface with AEMO, currently has appropriate systems and data systems in place and as noted above in 1.15 (Third Party Information).



1.18 Triggering of ROLR

Infigen and subsidiary companies, including IEH have not triggered the ROLR provisions of the Retail Law nor have these entities transferred or surrendered an authorisation or licence where if not done, it would have likely triggered the ROLR provisions.



2 Financial Resources Criterion

2.1 Audited Financial Reports for Past 3 Years, including:

Financial Statements required by accounting standards:

Infigen Energy Holdings Pty Ltd (IEH) has been created as a wholly owned subsidiary of Infigen and specifically to undertake the electricity retailing activities for Infigen. The IEH entity is a propriety company limited by shares and was formerly named GWP Europe Pty Ltd (GWP). On 8 June 2010, GWP changed its name to IEH (refer to Attachment 1 – Certificate of Registration on Change of Name).

IEH was not required to and therefore does not have financial statements for three years. The following financial statements are provided:

- IEH Pty Ltd, special purpose financial report for the year ended 30 June 2012 (see Attachment 20 – ASIC AFSL Lodgement).

The attached statements for the financial year 2012 are the first ones produced by IEH and cover two years: financial year 2012 and, for comparison, financial year 2011.

Directors Declaration as to entities ability to pay debts as and when they fall due:

Please refer to Attachment 19 – Statutory Declaration (Financial Capacity).

Directors and Auditors Reports:

IEH has provided an independent auditors report with its special purpose financial report for the year ended 30 June 2012, as lodged with ASIC. Please refer to Attachment 20 – ASIC AFSL Lodgement.

IEH is a wholly owned subsidiary of Infigen Energy Limited, which is listed on the Australian Stock Exchange. IEH has a very strong financial position and this is attested to by its balance sheet as noted in its special purpose financial report of the year ended 30 June 2012.

Infigen is also a net positive producer of electricity into the NEM and its subsidiary entity IEH (as per IEM) will utilise the net positive generation position of its parent to substantially reduce its prudential requirements to AEMO. IEH is therefore very confident that it will be able to meet any prudential requirements for AEMO as and when they fall due.

IEH is also confident that as it grows its retail load, it will be able to meet any network charges with distribution or transmission businesses as and when they fall due.

As a retail business is required to purchase a percentage of its retail load from a renewable source (in line with the Renewable Energy Target), IEH can effectively manage these renewable energy certificate purchases (in the form of LGC's) from its subsidiary wind farm entity (Woodlawn) or from its parent Infigen. As a result, the risk associated with such transactions is greatly and effectively reduced.

2.2 ASIC Submissions under Corporations Act 2001

Please refer to the ASIC profit and loss statement and balance sheet (form FS70) as lodged with ASIC for financial year ended 30 June 2012 (Attachment 20 – ASIC AFSL Lodgement).



2.3 Credit Ratings

IEH does not have a formal credit rating and we note that this criterion is not essential for the application for a National Retailer Authorisation. We do however note that IEH has a very strong balance sheet and is a wholly owned subsidiary of Infigen, which has substantial operations across Australia and the United States.

2.4 Related Company Structure

Ownership Structure:

As discussed above, IEH is a wholly owned subsidiary of Infigen (a company listed on the Australian Stock Exchange). The company structure is illustrated in Part 1 of this application.

Resources:

IEH has put in place a formal services agreement with Infigen Energy (Infigen), which allows IEH to utilise the services provided by Infigen to ensure that IEH has the appropriate resources capable of undertaking the administrative and management functions as set out in the agreement – see Attachment 2 – Services Agreement .

The Services Agreement specifically allows IEH to utilise the resources of Infigen in relation to a number of functions, some of which are covered hereafter (this is not an exhaustive list):

- Maintaining company secretarial records and dealing with internal governance matters;
- Risk management, including assessment and management of credit, financial and regulatory risk and obligations;
- Providing financial services (as defined in the Corporations Act) and as authorised by IEH's AFSL;
- All necessary IT and telecommunications;
- Financial operations including accounting, business process re-engineering, corporate reporting, financial planning, budgeting, regulatory reporting and accounts payable functions;
- Preparation of tax returns;
- Regulatory compliance, including the formation of compliance frameworks, compliance management, energy markets and financial services compliance and reporting to regulators;
- Human resources services;
- Legal services;
- All functions or services in connection with IEH's trading activities which includes trading in electricity and related energy derivatives and environmental products;
- Where applicable, all functions or services in connection with IEH buying output from an Infigen entity and selling that output to any other party; and
- All functions in connection with IEH's participation in the NEM or licensed futures exchanges.

Guarantees:



The financial accounts for IEH for the financial year ending 30 June 2012, indicates that it had revenues of nearly \$9 million (up from \$3.2 million at the end of 2011). IEH also has total current assets as at 30 June 2012 of nearly \$110 million which was reasonably consistent with the previous financial year of \$117.5 million. The financial standing of IEH provides a strong basis from which to grow its retailing operations and will allow the business to continue to add value for its Shareholders.

IEH will utilise its strong financial position and its supply of generation into the NEM via its Woodlawn Wind Farm to enable it to not require any parent company guarantees to support its retail operations.

Revenue Flows:

Please refer to Attachment 20 – ASIC AFSL Lodgement for the financial year ending 2012 financial statement for IEH.

Consolidated Financial Statements:

Please refer to information provided under section 2.1 of this application.

Obligations/Responsibilities:

IEH does not have any other obligations or responsibilities over and above those that have been noted in this application.

2.5 Forecast Revenue and Expenses for at Least the First 12 Months of Operations

Please refer to Attachment 6 – Retail Business Plan.

2.6 Declaration from an Independent Auditor

In relation to a written declaration from an independent auditor or financial institution, IEH notes that the financial accounts were audited by Price Waterhouse Coopers (as lodged with ASIC). This lodgement is required to satisfy ASIC in relation to the obligations required to hold an Australian Financial Services Licence.

Please refer to Attachment 20 – ASIC AFSL Lodgement.

In summary, IEH can confirm that:

- an insolvency official has not been appointed in respect of the business or any property of the business;
- no application or order has been made, or resolution has been passed or steps have been taken to pass a resolution, for the winding up or dissolution of the business;
- it is unaware of any other factor that would impede its ability to finance its electricity retail activities under the authorisation

Please refer to Attachment 21 – Statutory Declarations (Disqualifications – all Directors).

2.7 Financial Capacity Declaration

Please refer to Attachment 22 – Statutory Declaration (CFO).

2.8 Bank Guarantees

IEH currently does not have any bank guarantees in place.



3 Suitability

3.1 Details of Material Failures, Legal Actions, Revocation of Authorities

Material failure to comply with regulatory requirements, laws and other obligations over the previous 10 years, including infringements

Infigen and its subsidiary entity IEH have not had any material failure to comply with regulatory requirements, laws and other obligations within the past 10 years.

Any previous revocations of authorisations or licences held in any industry for any reason

Infigen and its subsidiary entity IEH have not had any revocations of authorisations or licences within the past 10 years.

Any failed authorisation, authority or licence applications in any industry, including the reason for the application being unsuccessful

Infigen and its subsidiary entity IEH have not had any failed authorisations, authorities or licence applications.

Any past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry

Infigen and its subsidiary entity IEH have not previously had nor do they currently have any administrative or legal actions in relation to an authorisation, authority or licence.

3.2 Details of any offences or successful prosecutions under any territory, state, Commonwealth or foreign legislation

Nil

3.3 Details of disqualified directors (or shadow or de facto directors)

Nil

3.4 Written Declaration from CFO regarding record of bankruptcy

Please refer to Attachment 22 – Statutory Declaration (CFO).

3.5 Full names and current residential addresses of all officers (directors) of the applicant

Name: Miles John George
Office: Chief Executive Officer
Date of birth: 08.01.1955
Address: [REDACTED]

Name: Geoffrey Raymond Dutailis
Office: Director



Date of birth: 06.07.1963

Address: [REDACTED]

Name: John Christian Murray Baveystock

Office: Director

Date of birth: 04.01.1961

Address: [REDACTED]

3.6 Details of policies and procedures addressing the probity and competence of officers and any key management staff

Infigen has appropriate policies in place that deal specifically with the probity of officers and key management staff as well as policies that address the competence and continual improvement of staff. Attachment 23 – Code of Conduct deals specifically with the expectations that Infigen has in relation to the actions and behaviour of its staff. The Code of Conduct deals primarily with the following issues:

- Conflicts of interest
- Inducements
- Confidentiality
- Trading in securities
- Acting lawfully, with honesty and integrity
- Protection of Infigen's property
- Compliance with laws and regulations
- Workplace safety
- Unethical behaviour and reporting of unlawful behaviour

Infigen also has a specific Conflicts of Interest Policy (Attachment 24 – Conflicts of Interest Policy) which deals with issues relating to defining conflicts of interest and the actions that would ordinarily breach the Policy.

Attachment 25 – Australian Energy Risk Management Policy clearly articulates the contractual value to which individual staff are authorised to enter into. It puts in place delegated authorities to ensure that individuals within Infigen are aware of their contractual limits, reducing the risks associated with unauthorised contractual transactions.

The Infigen standard employment contract (Attachment 26 – Standard Employment Contract Template) also covers probity expectations and requirements, including:

- Compliance
- Confidentiality
- Compliance with laws and regulations

Infigen has a policy that deals with professional development of individuals which indicates the value it places on individuals within its business being suitably qualified to undertake the role to which they have been appointed. The rationale for the policy is to support employees



to undertake external study to continue to strengthen their personal and professional growth, enhancing the capability of the company. Please refer to Attachment 5 – Professional Development Policy.

The abovementioned policies indicate the high degree of value that Infigen places on probity and competence of staff to adhere to issues such as conflicts of interest, confidentiality, compliance and ethical behaviour.