

Intelligent Energy Solutions

Application for an individual retailer exemption by Intelligent Energy Solutions Pty Ltd

July 2015

SPPA Individual Exemption Application by Intelligent Energy Solutions Pty Ltd

Introduction

Intelligent Energy Solutions (IES) was founded in June 2015 when a renewable energy entrepreneur and the director of a traditional sales and installation solar photovoltaic system company decided to form a company with a common objective. Our goal is to make saving money through solar generation as attainable as possible. This will be achieved through a unique leasing model where systems suitable for commercial applications will be provided at zero upfront cost. Energy that is generated and consumed on the premise will be purchased at a lower than retail rate, with excess being sold to their retailer at market prices.

With this application we are seeking an individual retail exemption so we can legitimately sell solar electricity to our clients via a Solar Purchasing Power Agreement.

General information requirements

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

Intelligent Energy Solutions Pty Ltd

2 Your trading name if different to your legal name.

Not applicable (same as legal name)

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

ACN: 606 934 847

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

4/117 Flemington Road, Mitchell, ACT, 2911

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

Lucas Sena
Director / Secretary
Tel: 0450304561 or 62417182
Email: lucas@cgeservices.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.

We are seeking an individual exemption rather than a retailer authorisation as our model does not fit under the traditional retailer or retail exemption categories.

We intend to offer SPPAs to commercial customers. The SPPAs will allow our customers to benefit from producing onsite power with no up-front costs and to receive cheaper electricity (compared to that from grid sourced electricity).

We believe an exemption is appropriate for our circumstances because:

- Our role will be as a supplementary source of electricity to consumers, we will not be the primary supplier of electricity
- We do not influence the contractual agreements that the client has with their energy retailer
- We only offset part of the energy being supplied by their energy retailer. The rest of the energy is still supplied by the existing energy retailer
- We will not be guaranteeing supply; any contract with us is in addition to a supply arrangement with a retailer and loss of supply from our solar photovoltaic systems would not interfere with our customer's access to electricity

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

Our primary activity is the installation and operation of solar photovoltaic systems to provide commercial property owners supplemental electricity that will be cheaper than their primary grid-sourced electricity. Our services will be provided with no upfront cost to our customers (they will only be charged for electricity generated by our solar photovoltaic 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.

We seek an individual exemption to sell electricity to commercial property owners through solar power purchase agreements for electricity generated by solar photovoltaic systems installed on the customer's sites. We will only sell to customers who will remain connected to the main grid.

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

We intend to sell electricity generated from our solar photovoltaic systems as soon as possible after our retail exemption has been granted.

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.**

Intelligent Energy Solutions does not have any experience in selling energy. However, both directors of the company do have extensive experience in solar photovoltaic system installation and investment in a broad range of renewable energy businesses (including solar photovoltaic systems). The design and maintenance of our solar photovoltaic systems will be contracted to third parties. We will conduct the billing of customers in-house.

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.

We do not currently hold any energy selling exemptions or retail licences.

Particulars relating to the nature and scope of the proposed operations

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.

Our only service will be to sell energy generated from our solar photovoltaic systems as a supplementary source of energy to our customers.

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)?

We will use meters that will have the ability to be remotely read and which are compliant with National Electricity Law and National Electricity Market rules.

The meters installed by us will have no impact in the customers wanting to change retailers.

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?

The meters we install will comply with Australian Standards and with the National Measurement Act 1960.

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

Customers will be able to select their preferred billing method. Invoices will be sent monthly or quarterly, depending on the preference of our customers.

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

Customers may make complaints to Intelligent Energy Solutions via email, phone or in person at our office. Upon receipt of a written complaint we will acknowledge the query or complaint within 10 business days and respond to the query or complaint by addressing the matters in the query or complaint within 20 business days.

If a customer is not happy with how their complaint has been resolved, they may refer the complaint to the relevant fair trading office or energy ombudsman.

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?

Our business won't provide energy efficiency products.

Solar photovoltaic system electricity generation is at the core of our model.

We will install a regular net solar meter supplied and administered by the network.

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

Intelligent Energy Solutions is delighted to enable business owners who may not otherwise have the ability or interest to directly purchase a solar system to take part in clean energy generation.

Intelligent Energy Solutions eliminates concerns as we guarantee savings with no payment on capital or maintenance costs.

Importantly, our business model does not displace the need for a primary electricity retailer, or network service provider. As a result we do not need to guarantee supply, nor offer many of the essential services that are required of a traditional electricity retailer or network business. Nor do we impede on the customer's right to choose their electricity retailer freely in the marketplace.

Our offer diversifies the options available to organisations and businesses seeking to lower their electricity spend and become more sustainable.

Additional questions

1 Do you have any experience in the energy industry? Please provide a brief description.

Intelligent Energy Solutions does not have any experience in selling energy.

2 What is your strategic direction and what are your objectives? Please describe your business model in some detail, noting jurisdictions where you will be operating, and customer number forecasts for the first 3 years.

Our strategy is to offer solar photovoltaic systems to commercial property owners initially in the ACT with intentions to also offer our services in Queensland, New South Wales, Tasmania and South Australia.

Our focus will be on properties that operate during the day and for at least five days of the week (shopping centres, for example).

We intend to install at least 100 kW of solar photovoltaic capacity on at least one commercial property within the first year of receiving our retail exemption and aim to install at least 200 kW of solar photovoltaic capacity on at least two properties for each of the second and third years. However, we have access to private capital for additional investment should our customers wish to install more than this anticipated capacity.

3 What is your pricing structure - will you charge for energy only or are there other fees? Will you charge only for energy consumed or all energy generated?

Intelligent Energy Solutions proposes to charge our prospective customers for energy generated by our solar photovoltaic systems installed at their commercial properties at rates that will be clearly defined in our contracts. We may offer electricity fees that are fixed for the life of the contracts or fees that are subject to annual CPI increases.

Any feed-in tariff revenue generated from excess electricity produced by our solar photovoltaic systems (i.e. electricity generated that has not been consumed by our customers) will be passed on to Intelligent Energy Solutions.

4 Are there related companies and what is their function? Do you intend to transfer any functions to any other related companies and, if so, what are they?

Green Broker Pty Ltd, a company wholly owned by one of the Intelligent Energy Solutions directors Lucas Sena, will have first right of refusal for solar photovoltaic system installations. Green Broker has been undertaking solar photovoltaic installations in the ACT and NSW. The company has experience on commercial, residential and off grid installations.

For more information on Green Broker, please visit www.cgeservices.com.au.

5 Do you intend to sell to commercial or residential customers, and what size systems will you install?

We intend to sell to commercial customers only. The system sizes that we will offer will vary depending on what will be most appropriate for the individual electricity demands of our customers.

6 Do you intend to use fixed term contracts and, if so, how long will they be?

We intend to offer fixed term contracts of length up to 25 years.

7 Under what circumstances can the customer terminate the agreement and at what cost?

Customers will not be able to terminate agreements within the first five years of the agreed terms of contract. If a customer wishes to terminate the contract thereafter and within the agreed term of the

contract, we will remove the solar photovoltaic system at a cost charged to the customer at an agreed hourly rate for the work required to do this.

Customers will otherwise only be able to terminate agreements at no cost at our discretion.

8 What happens when the contract ends? Who owns the system?

We will offer several options to our customers including whilst negotiating contracts:

- Being able to buy the solar photovoltaic systems from us
- Extension of original contract with us
- Removal of our solar photovoltaic systems