



LOCALITY PLANNING
energy

Application for Retail Authorisation – Electricity

Prepared for

Australian Energy Regulator

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PART 1 - General Particulars

3. Legal Name & ABN

Locality Planning Energy Pty Ltd (Referred to as LPE in this Document)
ABN 15 148 958 061

4. Registered Address

Physical	Postal
67 The Esplanade	PO Box 481
Maroochydore QLD	Moffatt Beach QLD 4551

5. Nominated Contact

Primary Contact	Secondary Contact
Mr Damien Glanville	Mr Ben Chester
Managing Director	Principal Engineer
P. 1800 040 168	P. 1800 040 168
E. dglanville@localityenergy.com.au	E. bchester@localityenergy.com.au

6. Form of Energy

Electricity

7. Intended Retail Commencement Date

LPE intends to start offering on-selling retail services from 1st October 2014.



8. Nature and Scope of Operations

8.1 LPE Background

LPE has had a focus on large scale development of renewable technologies with implementation into 'large' customer energy profiles. LPE developed the (deleted) internally funding the project with no Government assistance, making it the first wholly commercial renewable utility project in Australia, including the retail architecture that is required to. LPE currently offer consultation services, pre-feasibility studies and high level energy audits for adapting large scale renewable and energy efficiency solutions on distributed, and embedded energy infrastructure for mining services & accommodation, through to micro-grid development for mining townships. Our consultation services broadened to include residential and commercial strata properties supporting with building management systems, renewable integration and bulk energy conversions.

LPE is currently under agreement with several body corporates and strata management companies to consult regarding implementation of renewable assets and energy management systems. Our current consulting practice is to advise what options are available to customers which include market negotiation on energy, billing services for electricity and renewable opportunities.

8.2 LPE Direction

It is the intention of LPE to take our embedded network solution, which consist of bulk supply services (on-selling), to a higher level of compliance and regulation to the market.

LPE wish to (deleted) the body corporates, the LPE offering will be an all-inclusive product, (deleted), site energy management, billing service and (deleted), this excludes LPE from conducting business in the usual on-selling exemption space. To facilitate this function LPE require a Retail Authority.

LPE does not propose to supply any customers outside of an embedded network and will only be supplying small retail customers as a function within the embedded network of the parent complex, the Body Corporate (common area) is generally a small customer 50-100MWh/year, and will be supplied under the same mechanism as a residential or commercial customer of the complex.

9. Jurisdiction

LPE intends to operate Nationwide primarily in suburban residential areas.

10. Type of Customers

LPE intends to supply small customers <100MWh, who are only accessing electricity through an embedded network within a finite complex, these complexes sometimes contain small commercial businesses currently we do not expect any individual customer to consume more than 100MWh/year.



PART 2 – Entry Criteria

1. Organisational and Technical Capacity

1.1 Details of any previous experience as an energy retailer, or other energy market experience

LPE does not have experience as an energy retailer in the AER sense. LPE intend to utilise our extensive knowledge in the embedded network and specialist markets to support our retail activities. LPE currently offer an on-seller billing service function in Queensland only, currently LPE does not supply any retail energy services, (deleted) that are in the consultative process that require retail authorisation to implement. These arrangements have extended community consultation and legal processes, which align with the LPE's request to obtain a retail authorisation.

On behalf of body corporates that have on-selling arrangements in place (retail exemption), LPE currently offers touch point administration, customer enquiry services and dispute resolution, where these sites have limited capacity to handle these issues internally.

1.2 Details of other retail experience

LPE developed (deleted) that made the project commercially viable, able to integrate into the NEM and the distribution network. LPE have supplied utility services across several embedded network sites, being mining services and facilities.

1.3 Details of retail and / or energy experience of a person holding shares

Damien Glanville is the Managing Director and co-founder of LPE. He has 5 years' experience in the renewable sector and during that time was the managing director of a business that held an electrical contractors licences. Damien was largely responsible for delivering the business case for the (deleted) demonstrating the financial viability and the principal architect in the unique energy retailing model using renewable energy as the generation source.

1.4 Organisational Chart

See Attachment A

1.5 Employees broken down to Business Unit.

LPE currently has 6 Direct Employees

Position	Staff
Managing Director / CFO	1
Administration	1
Engineering / Operations	1
Accounts	2
Sales	1

1.6 Summary of Qualifications, technical Skill and experiences Company Officers

Damien Glanville

Damien is the current Managing Director and Business Development Manager within Locality Planning Energy

Damien is a co-founder and Managing Director of Locality Planning Energy who specialise in energy solutions for small to medium enterprise, industry and government through supplying renewable energy with a commercially



viable financial mechanism. He has twelve years' experience in senior management, logistics and Executive Director Roles, the last five specifically focused in the integration of large scale generation.

Damien's most recent achievement is the commercialisation of the (deleted). He successfully negotiated with the (deleted). He took the project from conception through to a commercial business case for the (deleted).

The (deleted) project is the first solar farm project in Australia that is not reliant on government subsidies to make it financially viable and is an industry leading retail concept. Construction is due to begin late 2014.

Ben Chester

Ben is the current Operations Manager and Principal Engineer within Locality Planning Energy

Ben has six years' experience in renewable design and development, largely focusing in solar and wind. He spent four years with ASX Listed CBD Energy Limited, as the principal design and projects engineer, then moving to a CBD subsidiary eco-kinetics as the principal projects manager for several commercial and utility scale deployments.

Ben was the authorised business person for (deleted) electrical contractor's license in Queensland NSW, SA and NT which required Ben to take financial responsibility for installation and component electrical accounts for a national business that turned over \$100 million annually.

During this time Ben contributed to several government (QLD state and Federal) advisory panels and consulted with the Thailand Government on deployment of generation assets and strategies as well as network integration.

Jason Hague

Jason is a co-founder and Director of Locality Planning Energy. Jason is a registered town planner with direct experience in community consultation and the development approval process for various energy projects throughout Southeast Queensland. Jason has fifteen years' experience town planning, working on projects spanning a range in scale for the residential and commercial industry.

Jason has developed an invaluable network of valued and skilled individuals within the industry. He has demonstrated experience in management and co-ordination of other consultants and advisors in related technical and legal fields including; solicitors, barristers, surveyors, architects, designers, ecologists, public notification consultants, environmental, acoustic, hydraulic and civil engineers. As such, Jason has developed comprehensive knowledge and experience across a variety of disciplines and projects - all of which are known for their capacity for presenting a range of challenges, solutions and opportunities.

Jason is the currently a Director and contributes to Business Development within Locality Planning Energy.



1.7 Details of human resources Policy regarding Employee Qualifications

LPE has a recruitment and selection process for new employees, requiring a predetermined set of qualifications set jointly by the Manager directly recruiting and the HR Manager. It is the responsibility of the manager recruiting with support from the HR Manager to ensure that the chosen candidate has the required experience and education to discharge the required duties of the specific role.

The LPE recruitment preference is to employ highly qualified and duly experienced personnel from within the energy sector as well as persons from associated business sectors. Our policy and process of recruitment include the following practices;

- Work force planning, role and budget rationale;
- Internal Professional and positional development;
- Public and targeted advertising;
- Established HR interview and offer process
- Legally vetted employment contracts

See Attachment B - Human Resource Recruitment policy

1.8 Details of all training programs and training Policies

Professional Development and industry involvement widely varies depending on the role. LPE endeavour to maintain an active industry presence and provide and encourage all employees the opportunity to participate in training seminars, and workshops.

Initial role specific internal induction training is performed and then whole company process induction is conducted, noting any cross over deficiencies to best schedule development training. An in-house mentor is assigned to each new employee to progress competency along with addressing any further capabilities through management.

LPE are working with Target Training a local training service provider, to identify and facilitate training both through internal and external training courses, and develop training policies as LPE becomes more operational.

Specified training modules - See Attachment C

1.9 Business Plan

LPE's business plan is wholly focused on the provision of retail electricity supply to small customers (deleted). LPE sees the opportunity to bring a more compliant and regulated retail product to residential (small consumers) (deleted). Currently residential consumers within an (deleted) do not have access to the same consumer protections and rights that are afforded to standard market customers.

LPE's Complete Business Plan – See Attachment D

1.10 Details of Quality Assurance Accreditations

LPE have fully adopted a quality assurance frame work based on Australian Quality Standards, in both the consistency of our provided services and our internal processes.

LPE intends to develop internal systems worthy of a certified system recognition, currently working through SAI Global procedures to develop.



1.11 Compliance Strategy

LPE is well aware of its obligations as an electricity retailer within the NEM, although not traditionally acting within it. LPE already carries out and maintains policies and processes to abide by these obligations in relation to its Retailer Authorisation and will utilise these same policies and procedures to provide effective management of its obligations as part of the NEM.

LPE's compliance system includes a register detailing the regulatory obligations associated with retailing electricity. This currently focuses on LPE's existing activities in QLD building processes to meet National Retailer Authorisation (Electricity) Guidelines. The register is currently being updated to include Queensland-specific obligations, along with relevant acts, regulations and codes are key inputs to this register. LPE will not commence retailing activities until LPE's compliance system is expanded in this way.

LPE's Strategic Compliance Plan supports the continual improvement, implementation and measurement of a compliance management framework aligned to the Australian Standard AS 3806–2006: Compliance Programs. The plan's primary aim is to focus on people, processes and systems to support compliance.

(deleted). The physical infrastructure of the Gate Meter, supplying Child or Orphaned meters the site practicality of a breakout individual meter is difficult. The general arrangement is made within the Community Title Scheme (CTS), which is governed under the Body Corporate Act within each state, these have a fundamental clause in regards to the supply of utilities. LPE will have a contract to Supply the complex as a CTS, individual small customers may request a 'breakout' to a fully contestable retail arrangement, the process would require an application first through the Body Corporate, for amendment to the complex, if approved an individual NMI meter may be installed. This would be a direct cost burden on the individual title owner, it is estimated that this cost would be between \$4,000 & \$20,000 depending on site requirements. LPE will have notice of this process in any commercial contract agreed on by the Body Corporate.

LPE's compliance policy – See Attachment E

Currently the LPE compliancy panel have establish a draft Dispute Resolution Policy (Attachment F)

1.12 Risk Management and Operational Strategy

The major risks faced by LPE are market, operational, compliance, legal, reputation and capital adequacy. LPE has established a Risk Management framework (Attachment H).

As indicated in the framework each area giving rise to such risk is to manage them, as LPE is a small company with Directors and shareholders acting in operational roles, it is difficult to maintain an independent, risk management group that can oversee all business areas. The structure does have a major advantage being that any ensuring risks are appropriately assessed and managed, quickly and directly. The root risk factors, which in turn will directly affect the whole are;

- Capital & Credit
- Operational Risk;
- Compliance.

(deleted). All risk surrounding 'wholesale' energy is associated only with the ability to service accounts (capital and credit) to suppliers, provide effective services (Operational) and billing (compliance) of 'on-sold' energy to small customers.



LPE's Risk Management policy – See Attachment I

1.13 Director Declaration regarding Risk Management and Compliance Management Frameworks have been subject to external assurance

See Attachment J

1.14 Additional information which demonstrates your ability to manage risk

The objective of the National Energy Retail Law “is to promote efficient investment in and efficient operation and use of energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply of energy”.

LPE has the ability to operate on embedded networks without a Retail Authorisation. But believes the applying for a Retail Authorisation is fundamental to the NERL objective. LPE intends to provide small consumers with an alternative approach accessing electricity without exposing them to undue hardship and reduced consumer protections. LPE believes that this approach will enable small consumers to realise lower energy prices, while maintaining protections.

1.15 Details of insurance arrangements

Not Applicable (as Advised)

1.16 Third party arrangements / Contracts

LPE have intentions to in-source all staffing operational staff, and out-source certain compliancy and risk requirements, understanding that currently deficiencies in capacity are present, the compliancy and risk process will allow LPE to identify and consolidate these roles as required.

1.17 Evidence of any membership of a recognised energy ombudsman scheme

Dialog with Energy and water Ombudsman Queensland has been opened. Pending Retail Authorisation and signing of a 'retail supply agreement', LPE will submit a scheme participation notification to EWOQ as per verbal instruction on the process. LPE have opened dialog with the EWO NSW, it was discussed that once a retail authorisation is obtained, participation in the scheme would be required to interact with small customers, application would be through the normal processes.

Application to EWOQ – See Attachment K

1.18 Evidence of any arrangements with relevant market participants

At present, LPE will purchase energy from existing authorised retailers, not directly from AMEO. Holding the retail contract on behalf of the strata site, will not change this function. LPE will hold a negotiated market retail contract with an existing authorised electricity retailer, this contract will be held on a 'gate/parent' NMI. Currently no such arrangements are in place and will be instated once retail activities commence.

1.19 Details of previously triggered RoLR provisions.

Not Applicable – LPE has never triggered a RoLR provision.

1.20 Additional Information

Attachment L – indicates the third party services that LPE have engaged or intend to engaged to support the organisational and technical capacity of maintaining a retail authorisation.



2. Financial Resources

2.1 Copies of audited financial reports

Attachment M

2.2 Copies of information required by ASIC

Attachment M

No reporting to ASIC has been made at this stage, similar reporting can be made if requested.

2.3 Evidence of credit ratings

LPE is a private company, has not been rated

2.4 Group of Companies

Attachment N

2.5 Forecast revenue and expenses

See Attachment O

2.6 Written Declaration from independent auditor

See Attachment P

2.7 Written declaration from Managing Director stating going concern

See Attachment Q

2.8 Details of any bank guarantees

LPE has loan agreements with the directors.

2.9 Additional Information

Attachment R shows a statement of retained services

PART 3 – Suitability

3. Declaration of Directors and Officer Holders

See Attachment S

3.1 Full names and current addresses of all officer holders of the applicant

See Attachment T

3.2 Details addressing competence of officers

See Attachment B and Attachment U



PART 4 – List of Attachments

- A. Organisational Chart
- B. Human Resource Recruitment Policy
- C. Specified training modules
- D. Business Plan
- E. Compliance Policy
- F. Dispute Resolution Policy
- G. Risk Management Strategy
- H. Risk Management Framework
- I. Risk Management Policy
- J. Director Declaration – Risk Management and Compliance
- K. Evidence of EWOQ application
- L. External Support services
- M. Audit Source Documents
- N. Locality Planning Energy – Group Structure
- O. Forecast and Expenditure
- P. Written Declaration from independent Auditor
- Q. Declaration from Managing Director
- R. Retained Legal Firm Statement
- S. Declaration of Directors and office Holders
- T. Full names and current addresses of all officer holders of the applicant
- U. Employee code of conduct

