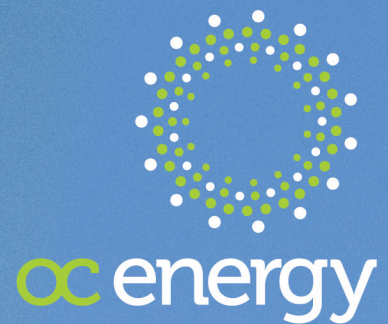


Application for Electricity Retailer Authorisation



February 2014

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Introduction:

OC Energy's current business activity is the on-selling of electricity to individuals and organisations within Embedded Electrical Networks (**EEN**).

Our current operations are conducted in accordance with the Australian Energy Regulator (AER) [Retail] Exempt Selling Guideline - Version 2, July 2013 and we are operating within the AER energy retail rules to the extent that they both apply to the EEN market.

Due to the shift away from state based regulation to a national framework, OC Energy wish to have an authorised retailer status:

1. to ensure that our on-going operations will be compliant when Victoria joins the National Electricity Consumer Framework; and
2. to able us to extend our current on-selling operations into the broader retail market.

OC Energy has grown significantly from its inception in 2009, and already has in place most of the operational capabilities required to be an authorised retailer, and so enabling us to have confidence in OC Energy's ability to progress smoothly to an authorised status.

OC Energy's strategic direction, in the short to medium term, is to continue its focus on the implementation and operation of EENs. Our experience in this field is extensive and the service we provide to our customers is, in our view, above the standard of other more traditional retailers.

Customers that we intend to sell to will continue to be individuals and small business customers within our established EEN's as well as future EEN's we will establish. The embedded electrical market is still growing, and we will continue to operate in this segment of the retail electricity market.

OC Energy may, from time to time, sell electricity to small customers and businesses outside of EENs however this will not be core to our business operations.

Information Requirements – General Particulars

1. Legal Name

The applicant is OC Energy Pty Ltd

2. Trading Name

OC Energy trades under its own name

3. ACN/ABN of business entity

ACN 144 655 514

ABN 62 144 655 514

4. Registered Address

The registered address of OC Energy is:

Suite 601, 566 St Kilda Road, Melbourne 3004

Postal address of OC Energy is:

PO Box 7285, St Kilda Road Vic 8004

5. Nominated Contact Person

Name: Jonathan O’Kane

Title: General Manager

Contact no. (03) 8888 7972

email jonathan@ocenergy.com.au

6. Form of energy for which authorisation is required

Electricity

7. Intended date of commencement of retail operations

1 May 2014

8. Nature and scope of proposed operations

OC Energy will continue selling electricity to small and medium size customers – both business and residential.

9. The jurisdictions in which the applicant intends to apply

OC Energy is currently operating in Victoria and will be expanding to other jurisdictions, covered by the Retail Authorisation, in accordance with the Business Plan **Attachment A1**.

10. Type of customers the applicant intends to supply

OC Energy intends to continue to sell electricity to small and large customers as part of existing and proposed Embedded Electrical Networks [EENS]

Information Requirements – Organisational and Technical Capacity

11. Previous Retail Experience

OC Energy has over 3 years experience on-selling electricity to residential and business customers.

a. Date and location of previous operations

OC Energy has been on-selling to occupiers within EENs in Victoria since 2010.

b. Form of energy sold

Electricity.

c. Scale of operations

Current customers are divided between residential and commercial. The number of customers and associated revenue is included in the enclosed Business Plan

Attachment A1

d. Retail activities

All current activities, including marketing, sales, meter data collection, billing, revenue, accounting and customer service have been carried out internally by OC Energy on internal systems.

e. Relevance of previous experience

The previous operations of OC Energy have been in accordance with the requirements of the Essential Services Commission, including retail/network exemptions, where appropriate, and is directly relevant experience for the retail authorisation OC Energy is applying for.

12. Additional Retail Experience

The existing business model, including processes and operations has been designed to provide positive retail experiences for customers and all staff are fully conversant with these operations.

13. Retail Experience of Shareholders

Two of the directors of shareholder entities have extensive experience in professional services consulting and have been directly involved in the energy business of OC Energy since inception.

14. Organisation Chart

Please refer to the Business Plan **Attachment 1**, for details of current and proposed resources.

15. Employees

All of the current employees in the OC Energy business are engaged in the sale of energy to our customers and currently comprise:

- 1 Chief Executive Officer
- 1 General Manager, Operations & Customer Service
- 1 Business Development Manager
- 1 IT Manager
- 1 Implementation Manager
- 1 Compliance Manager

- 1 Customer Service Manager
- 2 Customer Service Operators
- 1 Financial Accountant
- 1 Marketing Officer
- 1 Field Operations Officer

It is proposed that an additional 4 staff will be recruited in the next 12 months.

16. Summary of Key Staff

A summary of each of the key officers follows, highlighting key technical skills and experiences relevant to the OC Energy business:

a. Chris Wilson

Chris has a background as a commercial lawyer where he practiced for many years. Chris was also the national legal and regulatory manager for a mobile networks infrastructure company, which he co-founded. More recently Chris has been extensively involved in property development, and so he has an intimate knowledge of the development process. Chris has a thorough understanding and is responsible for the regulatory environment in which OC Energy operates, as well as being responsible for the overall operations of the company. Having a background as a commercial lawyer, particularly in property law, means that Chris knows the legal issues that need to be managed when implementing an EEN.

b. Alistair Guss

Alistair is one of Melbourne's leading electrical services engineers having worked in electrical consulting for more than 20 years. Alistair has worked with all of Melbourne's leading developers of multi-unit high-rise buildings. Alistair has been involved in the implementation and operation of EENs since their inception in 2002. Alistair's expertise includes the technical design of EENs, project management, negotiating supply agreements with distributors, the procurement of bulk electricity, and network operation and maintenance.

c. Peter Goring

Peter has over 35 years of directorships and leadership roles. Peter is an astute and customer-focused leader who has a proven track record in business success, management and development. Peter's diverse array of skills is a testament to his commitment to business growth, development and a hands-on approach to commerce. Peter was founding Managing Director of WINenergy and continued in that role until 2009. Peter also helped found the National Energy Management Association. In each of his ventures, Peter achieved success via a committed, hard-working approach to growing and developing the company through innovation and leadership.

d. Mario Charisiou

Mario has more than 20 years' experience in the commercial building and development sector. Mario therefore has a thorough understanding on the needs and requirements of both builders and developers and of their requirements as they relate to electricity supply. Mario has extensive experience in the issues that builders face

every day and understands the importance of timely connection, uninterrupted power flow and discounted tariffs etc. to the smooth running of a project. In addition, he also has detailed knowledge of the key issues a developer faces as their projects transition from construction to settlement. With this knowledge, Mario is well-suited to deliver the best EEN solution that satisfies the needs of two important stakeholders in the EEN process.

e. Jonathan O’Kane

Jonathan has 8 years experience working with several of the largest global software providers in various business and strategic development roles in both a regional and national capacity. Jonathan also has business and strategic development experience in the property services industry with two of Australia’s largest service providers. Since joining OC Energy, Jonathan has played an integral role in the development of the existing EEN business with specific focus on strategic business development, regulatory compliance, customer acquisition, IT infrastructure, marketing and business process improvement.

17. Human Resources Policy

OC Energy has developed an extensive HR Policy **Attachment B6**, which includes detailed sections on the following topics:

- Personal conduct
- Recruitment
- Induction
- Training
- OH&S/EEO
- Performance Management

18. Training Programs and Policies

In accordance with our Compliance Policy **Attachment B2**, OC Energy has a detailed training program covering compliance, complaints management, customer hardship and Industry Laws, Rules, Codes and Guidelines.

The training materials can be delivered in person and on-line. The detailed training material is enclosed as **Attachment E1**.

19. Business Plan & Financial Statements

A comprehensive Business Plan is enclosed as **Attachment A1**. As part of the growth expectations of OC Energy, the business will continue to expand the number of EENs under management in Victoria and will expand operations to other jurisdictions when appropriate.

In support of the detailed Business Plan, detailed financial information, supported by relevant assumptions, is available as **Attachment A2**.

20. Quality Assurance

OC Energy does not currently have any formal quality assurance accreditations but will apply policies and procedures with emphasis on achieving high levels of quality assurance.

21. Compliance Policy

OC Energy has developed a detailed and comprehensive Compliance Policy, which is enclosed as **Attachment B2** and is supported by a Compliance Reporting Procedure in **Attachment C2**.

22. Complaints Handling Policy

A detailed Complaints Handling Policy Statement is enclosed at **Attachment B4** and is supported by a Complaints Handling Procedure in **Attachment C3**.

23. Risk Management Policy

A detailed Risk Management Policy incorporating financial, operational and legal/regulatory risks is enclosed as **Attachment B1**.

24. Risk and Compliance Approval

OC Energy confirms that all policies and procedures related to risk and compliance have been approved by the executive team and will be implemented in the business.

25. Additional Risk Management Information

OC Energy has in place a comprehensive library of approved and endorsed documents including those listed below:

Policies

- Risk Management Policy
- Compliance Policy
- Customer Hardship Policy
- Complaints Handling Policy
- Code of Ethics
- HR Policy

Procedures

- Performance Reporting Procedure
- Compliance Reporting Procedure
- Complaints Handling Procedure

All of the above documents have been approved by the OC Energy management team and are enclosed as **Attachments B1-B6 and C1-C3**

In support of the above, OC Energy also has developed additional supporting documents including:

- Regulatory Risk Assessment Report
- Concessions and Rebates Summary
- Summary of Rights and Obligations
- Industry compliant invoices
- Standard customer letters

All of these approved supporting documents are enclosed as **Attachments E2-E6**

26. Insurances

All necessary insurances for the EEN business are in place and they include public liability, product insurance and professional indemnity insurance.

27. Third Party Service Provision

OC Energy currently outsources one component of its business to proven suppliers:

- meter supply and installation – Skilltech

Copies of Agreements with this service provider are enclosed as **Attachment D1**

28. Energy Industry Ombudsmen Schemes

OC Energy is not currently a member of any industry Ombudsmen Schemes but will participate in such a scheme if and when required under its Retailer Authorisation.

29. Interaction with relevant market participants

Based on the current business operations and depending on the timings of future developments, as outlined in the attached Business Plan, OC Energy will take appropriate steps to ensure that the business is fully compliant with relevant market participants, within the jurisdictions the business operates.

30. Previous RoLR events

As a new participant in the National Electricity Markets, OC Energy has not been involved in any situations that have triggered a RoLR event.

Information Requirements – Financial Resources

31. Financial Reports

OC Energy has provided a set of financial documents as **Attachment A2** marked as commercial-in-confidence, including relevant assumptions made by the business.

These documents include

- a. Current and projected Balance Sheet and Profit & Loss Statements
- b. Financial Plan assumptions
- c. Shareholder Register – **Attachment A3**
- d. Certificate of Registration – **Attachment A4**

32. Ownership Structure and Equity

The ownership structure and equity arrangements are contained within the Business Plan – **Attachment 1**

33. Written Declaration from Accountants

A written declaration from OC Energy's accountant is enclosed as **Attachment A5** and confirms:

- No insolvency/bankruptcy
- No winding up
- No other impeding factors

34. Going Concern

A signed declaration by a Director of OC Energy is enclosed as **Attachment A7** confirming that the financial statements comply with relevant accounting standards and give a true and fair view that there are no reasonable grounds to assume the company will be unable to pay its debts as and when they fall due.

35. Credit Rating

OC Energy does not currently have a credit rating

Information Requirements – Suitability

36. Directors and Officers Statement

OC Energy confirms that for its associates, any other business where its officers have held an officer position and any other entity that exerts control over its business activities, that:

- There has been no material failure to comply with regulatory requirements, laws or other obligations over the past 10 years;
- There have been no previously revoked authorisations, authorities or licences held in any industry;
- There have been no circumstances of failed authorisation, authority or licence applications in any industry;
- There are no past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry.

37. Other Offences

OC Energy confirms that it has not been involved in any prosecutions under any territory, commonwealth or foreign legislation including, but not limited to, the *Australian Securities and Investments Commission Act 2001 (Cth)* and the *Corporations Act 2001 (Cth)* that are relevant to our capacity as a holder of a Retailer Authorisation.

We also confirm that no offences have been committed against, or been prosecuted under, any such legislation and including and Director or persons who have a significant involvement in OC Energy.

38. Police Check

Upon request, OC Energy is happy to commit to a criminal history check on any Director or persons who have a significant involvement in OC Energy.

39. Directors and Officers Statement

OC Energy confirms that none of its Directors are or have been disqualified from the management of corporations. Written declarations to this effect will be obtained, if required.

40. Bankruptcy

OC Energy confirms that it has no record of bankruptcy overseas. A written declaration to this effect will be obtained, if required.

41. Names and addresses of key officers

Attachment A8 contains the full names and current residential addresses of the Directors including:

- Mr Chris Wilson
- Mr Alistair Guss

42. Probity and Competence

Various policies and procedures outlined above and included in various attachments contain detailed information covering the probity and competence of officers and key staff, including: Code of Ethics, Training, and Compliance Management.

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