

Sarah Proudfoot
General Manager
Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

RE: Application for Individual Retailer Exemption

Wednesday, 8th October 2014

Dear Sir/Madam,

Permintex Energy Resources Pty Ltd (ACN: 168 806 531) ("Permintex") is seeking an individual retail exemption to cover the sale of energy to its Customers under a Power Purchase Agreement (PPA).

Permintex is a newly registered business and does not have an energy trading history. Permintex's proposed activity relevant to this application will be the sale of renewable energy generated by solar systems through a Power Purchase Agreement (PPA) with its commercial customers.

Permintex will draw on the extensive expertise through its: shareholders, consultants and sub-contractors to: finance, design, build, own and operate commercial-scale PV solar power plants on the customer's property at no cost to them.


Permintex's business model revolves around its PPA offer. The energy sold under the PPA is always priced at a discount off the solar bill based on the amount the solar system (at the customer's premise) generates which will result in the customer paying less for the energy they would have otherwise paid if they had purchased all their energy from their local electric retailer. Any additional energy required by the Customer is purchased through their retailer of choice.

Permintex's business model offers multiple benefits such as: long-term cost savings, efficient generation, low transmission and on-site consumption of clean renewable energy, high quality, safe, reliable and secure energy supply, lower peak demand stress and a more stable electricity network.

Attached is the information requested in Appendix B of the document "AER Final decision - Exempt selling (retail) guideline - version 2 - July 2013".

The application for exemption is also based on emailed guidance received from the AER in an email to Mr(s) Michael Shi and John Patel on 23rd September 2014

Best regards,


Michael Shi, Director
John Patel, Permintex Consultant

**Australian Energy Regulator
Application for individual exemption
Permintex Energy Resources Pty Ltd
ACN 168 806 531**

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

Permintex Energy Resources Pty Limited is a proprietary limited company established under the Corporations Act 2001 (Cth)

- 2. Your trading name if different to your legal name.**

Permintex Energy Resources does not trade under a trading name different to its legal name.

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

Permintex Energy Resources' ACN is 168 806 531.

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

The address of the registered office of Permintex Energy Resources

Att: Mr Yunfeng Shi
Permintex Energy Resources Pty Ltd
5/1 Station Road Auburn,
NSW 2144,
Australia

The principal office and postal address of Permintex Energy Resources

Att: Mr Yunfeng Shi
Permintex Energy Resources Pty Ltd
5/1 Station Road Auburn,
NSW 2144,
Australia

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

Att: Mr Yunfeng Shi
Permintex Energy Resources Pty Ltd
Director
5/1 Station Road Auburn,
NSW 2144,
Australia

Email: michael@permintex.com.au

Mob : 0439 976 756

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.

- a) Permintex Energy Resources is not a traditional electricity retailer, but a solar developer. It intends to develop quality renewable assets based on solar power, and to position itself as an alternative energy seller from a solar system developed and installed on the premises of commercial customer's (interface with existing retail and network system) under a power purchase agreement ("PPA")
- b) Permintex has conceptualised an innovative pricing model to sell solar energy that does not fit under the existing Retailer Energy Legislation or its exemption categories. The pricing model is limited to the sale of solar energy to commercial consumers as follows:
 - i. As a supplementary supply energy source, i.e. Permintex supplied energy offsets only a fraction of the consumer's day time energy requirements; the balance would continue to be fulfilled by the primary authorised retailer (as defined under the National Energy Retailer Law) of choice as a primary supplier.
 - ii. The PPA has a finite life, after which time the solar system is either sold to the customer, or the solar system is dismantled and removed from the customer's site.
- c) In each instance, the discount for the energy sale will invariably be less than the amount the customer would otherwise have to pay. The discount will then be applied off the solar bill which is based on the amount of solar energy the customer consumes.
- e) Permintex believes that its PPA business model will facilitate and offer a non-traditional approach to the selling of energy and promote efficient use of solar

energy generation for the long term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy.

- f) The PPA will be drafted to take into consideration and account for the requirements of the Retail Energy Legislation as it pertains to consumer protection including billing, metering and dispute resolution.
- g) The aggregated annual amount of energy that Permintex sells will vary for every customer, i.e. depend on the solar system size, site-specific conditions such a solar insolation and the system's overall energy conversion efficiency.
- h) Permintex will draw on the extensive expertise (though its shareholders, consultants and sub-contractors) to: finance, design, build, own and operate commercial-scale PV solar power plants on our commercial customers' property at zero cost to them.
- i) The PV solar system will be designed and built in strict compliance to the recognised industry standards. It will also have to pass the stringent guidelines applicable under the relevant development approvals.
- j) All PV systems will be remotely monitored 24/7, and the renewable energy produced measured in compliance to the Clean Energy Regulator Act 2011, and periodically reported back to the Clean Energy Regulator ("CER").
- k) Permintex seeks a multi-site individual retail exemption to include each of the States and Territories currently under the purview of the National Energy Customer Framework ('Framework') and the inclusion of Victoria and Queensland once these States accede to the Framework. Permintex is therefore seeking an exemption to install solar systems at, and sell electricity from, multiple sites, none of which will be owned by Permintex.

7. The address of the site at which you intend to sell energy, including a map of the site and a brief description of this site and its current and future use/s.

- a) Permintex Energy Resources intends to sell energy to a range of Customers at a variety of sites, most of which remain unknown at this time.

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

- a) Permintex Energy Resources is a solar developer on a commercial-scale.
- b) It intends to develop quality renewable assets based on solar power and to position itself as an alternative energy seller from a solar system developed and installed on the premises of the customer's (interface with existing retail and network system) under a power purchase agreement ("PPA")

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.

- a) PV generated electricity.
- b) The PV solar system is connected directly to the network, but confined to the customer's premises. The PV output is further controlled to never export energy back into the grid.

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

No

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

Permintex Energy Resources wishes to commence selling energy as soon as possible.

12. Mailing addresses for premises at the site (where applicable). We may use this information to ensure that potential customers are able to participate in our consultation process.

Permintex Energy Resources intends to sell energy to a range of commercial customers nationally, most of which remain unknown at this time. Those which are work in progress are subject to non-disclosure obligations.

13. Details of any experience in selling energy, for example:

- (a) date/s and location/s of previous operations
- (b) form/s of energy sold
- (c) scale of operations (that is, the number, size and type of customers)
- (d) an explanation of which activities will be conducted in-house and which will be contracted out to third parties.

- a) Permintex has no Australian-based operations to date.
- b) PV electricity is the only form of energy intended to be sold at this time.
- c) None in Australia.
- d) Permintex's uses in-house consultants with very extensive experience in solar projects, finance, operations. Project implementation and operations will be always under the management of Permintex.

- 14. Whether you currently hold, or have previously held or been subject to, an energy selling exemption or a retail license (retailer authorisation) in any state or territory. If so , please provide details.**

None.

Permintex Energy Resources is a newly established entity and it does not hold an energy selling exemption or retail license (retailer authorisation) in any state or territory.

- 15. What agreements you have made in the event that you can no longer continue supplying energy (e.g., has the retailer that sells to you agreed that they will service the customers).**

Not relevant.

Particulars relating to the nature and scope of the proposed operations

- 1. Will your customers be your tenants? If so, are they residential or commercial/retail? Are they covered by residential or retail tenancy, or other legislation governing accommodation that is a person's principal place of residence (for example, retirement village legislation, residential parks or manufactured home estates legislation) in your state or territory?**

Our customer base will consist of single, large (electricity consumer) commercial customers across all States and Territories.

- 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 agreements under which these services are being provided.**

Permintex's role is limited to: design, supply, installation, operation and maintenance of the solar panel system and the sale of energy.

- 3. What is the total number of dwellings/premises at the site? Please provide a breakdown between residential and business customers (and whether they are small or large as defined for the jurisdiction in which you intend to operate).**

Single site, large commercial premises.

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

No.

- 5. If purchasing from an authorised retailer, have you formed, or do you intend to form, a bulk purchase contract with the energy retailer, and how far into the future does this, or will this, contract apply? If you have formed, or intend to form, a contract, please provide a brief summary of this agreement.**

Not relevant.

- 6. What is the estimated aggregate annual amount of energy you are likely to sell (kilowatt hours or megawatt hours for electricity and mega joules or gigajoules for gas) and the average expected consumption of customers for each type of customer you service (that is, residential customers and retail or commercial customers)?**

The aggregated annual amount of energy that Permintex sells will depend on the size of the solar system, solar insolation and its efficiency. Each of these parameters will be site-specific and will vary for every customer. We are operating only with commercial customers.

- 7. Will your customers be wholly contained within a site owned, controlled or operated by you? (For the purposes of this question, a body corporate may be taken to 'operate' premises it oversees).**

No. The site is owned, controlled and operated by the Customer. The PV power plant is however owned, operated and maintained by Permintex for the duration of the PPA.

- 8. Will each premises/dwelling be separately metered? If the application is for a new development or a redevelopment and customers will not be separately metered, please explain why not.**

Yes. Each project site will be metered separately.

- 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)?**

- a) CT meters or equivalent advanced high precision digital meters will be installed at each site. The CT meters have comply with the guidelines as stated in the National Electricity Rules, Version 24, Chapter 7, Metering.
- b) The meters will be configured for 24/7 remote monitoring and recording using its RS485 port communications facilities.

- 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?**

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

Active (according to IEC 62053-22): Class 0.5S

Reactive (according to IEC 62053-23): Class 2

Accuracy Voltage ~ 0.2%, Power ~ 0.5%, PF ~ 0.5%, Frequency ~ 0.1% .

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

Not relevant to this exemption application

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

Not relevant to this exemption application

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 billed on monthly energy usage. Permintex will issue the billing.

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

In brief, Permintex's proposed draft PPA, will primarily provide for practical and workable dispute resolution protocols in line with best practices in the industry; and strict adherence to guidance from AER's "AER Industry Guidance –Solar Power Purchase Agreements" (July 2014). In our proposed draft PPA, there will be provisions for electricity related complaints and issues which will be dealt with under the dispute resolution clauses, within efficient timeframe to achieve satisfactory resolution.

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

None.

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?

Not relevant.

17. Additional information**1. What is your strategic direction and what are your objectives?**

Permintex Energy Resources core strategy is to develop a high quality renewable asset portfolio of commercial-scale solar projects that deliver: an investment return to its investors.

2. What are your projected customer number forecasts?

Permintex's ambitions are not focused on aiming for a targeted number of customers, but more on quality and scale of individual solar projects. Over the next 3-4 years Permintex would like to secure a pipeline of medium-scale commercial projects.

3. What are your projected annual aggregate energy sales (in kilowatt hours or megawatt hours)?

Please refer response to Question 6 above..

4. What financial resources do you have to support your business?

Permintex has access to overseas investment funds.

5. Are you intending to sell to business customers, residential customers, or both?

The Permintex business model is focused strictly on medium to large commercial customers.

6. How will your pricing structure work - is the customer charged only for their consumption or are there other fees?

Yes at all times, the customer is charged only for the solar energy consumed from the solar system. This assurance will not impact our pricing structure as our solar system is developed based on that particular customer's needs and thus our pricing structure is tailored accordingly.

7. In which jurisdictions do you intend to sell energy?

Permintex Energy Resources intends to sell energy to all States and Territories.

- 8. Under what circumstances can a customer contract be terminated (for example, what happens if the customer moves house)?**

PPA provisions are commercial in confidence. However we can say they allow the customer to opt for early exit, e.g. move premises. The PPA can also be terminated under specific conditions of Force Majeure.

- 9. What happens to the solar panels at the end of the contract? Who owns them?**

Please refer to response 6, b. ii on page 3 of this document.

A handwritten signature in black ink, appearing to read "Michael".