

Annexure 'B'

National Energy Retail Law -Section 110

Exemption Application

Weipa Township Electricity Supply

Information Required	Information
Your legal name. If you are a body corporate or community corporation, please indicate this.	RTA Weipa Pty Ltd (RTAW)
Your trading name if different to your legal name.	Not applicable
Australian Business Number (ABN) or Australian Company Number (ACN).	ACN 137 266 285
Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.	123 Albert Street, Brisbane, Queensland 4000
Nominated contact person, including their position in the organisation and contact details.	Mr Glenn Anderson, Chief Advisor, Energy, Bauxite and Alumina ph: (07) 3625 3438
Why you are seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances.	<p>The Applicant submits that the situation for its supply falls within the exempt selling policy principles published by the AER. In particular:</p> <ul style="list-style-type: none">(i) the Applicant does not conduct its electricity sales on a 'for profit' basis, and lacks the economies of scale and scope from which retailers benefit;(ii) the Applicant does not sell energy as its core business;(iii) there are limited prospects for competition;(iv) the cost burden of full compliance with the NERL is likely to be substantial; and

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	<p>(v) the amount of electricity likely to be sold is very small, in relation to the national electricity energy markets.</p> <p>See paragraphs 2.2 and 2.3 of the accompanying application.</p>
<p>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.</p>	<p>See annexure 'A'.</p>
<p>The form of energy for which you are seeking the individual exemption (electricity or gas). For electricity, please state whether the network (<i>through which</i>) you propose to sell is directly or indirectly connected to the main grid or is (or will be) an off-grid network.</p>	<p>The Applicant seeks an exemption for the sale of electricity.</p> <p>The relevant network is not and will not in the foreseeable future be connected to the main grid. The network is an off grid network.</p>
<p>Are you establishing, or have you established, energy supply in an area where there are no other viable energy supply arrangements available.</p>	<p>No viable alternative supply other than self-generation. See paragraph 2.3 of the accompanying application.</p>
<p>The primary activity of your business (for example, managing a shopping centre).</p>	<p>Bauxite mining, processing and exporting.</p>
<p>Whether you intend to sell electricity to customers connected to the grid or who are off-grid.</p>	<p>The Applicant does not intend to sell electricity to customers who are connected to the main national electricity grid. All customers are connected to network infrastructure installed, operated and maintained by RTAW historically as a community service.</p>
<p>The date from which you intend to commence selling energy.</p>	<p>The Applicant and its predecessors commenced supply of electricity to Weipa township in the 1950s. Since 1998, the Applicant has supplied electricity under Special Approval SA18/98 issued under the provisions of the <i>Electricity Act, 1994</i>.</p>
<p>Details of any experience in selling energy, for example:</p> <ul style="list-style-type: none"> • date/s and location/s of previous operations • 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 	<p>The Applicant has no other experience in the sale of electricity than in the supply of electricity to Weipa Township and Ergon Energy (Queensland) Pty Ltd for supply to the township of Napranum.</p> <p>The Applicant supplies electricity generated at its power stations through its distribution network to some 1,600 residential customers and 200 businesses in Weipa. In addition to its customers in Weipa, it supplies electricity to Ergon Energy Queensland Pty Ltd which in turn supplies electricity to the nearby Aboriginal</p>

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<p>contracted out to third parties.</p> <ul style="list-style-type: none"> form/s of energy sold 	<p>Community of Napranum.</p> <p>The Applicant currently provides all services in-house. In the past, the Applicant has contracted out bill payment services</p>
<p>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.</p>	<p>The Applicant holds a Special Approval (number SA18/98) under the <i>Electricity Act 1994</i>, to:</p> <ul style="list-style-type: none"> connect its diesel powered generating plant to: <ul style="list-style-type: none"> the Applicant's supply network, and Ergon Energy Corporation Limited's supply network; supply electricity using its supply network to domestic and commercial premises, facilities and infrastructure; and supply electricity bodies and persons who own, occupy, operate or manage domestic or commercial premises, facilities or infrastructure and EEQ. <p>The Special Approval is expressed to be confined to the area of the Applicant's Mining lease. Discussions are underway with the Queensland Department of Energy and Water Services to ensure the geographic description of the Special Approval is correct. We are happy to provide any further information you may require concerning the special approval.</p>
<p>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.</p>	<p>More than 80% of the customers of the Applicant are residential premises, or commercial businesses which are independently owned. A significant percentage of customers are employees of the company and a smaller percentage of customers are tenants in premises owned by the company. However, in all cases electricity is provided under a separate contract from the tenancy or employment arrangement.</p>
<p>In what form and how often will customers be billed? Will you be issuing bills yourself or through a billing agent?</p>	<p>Customers are presently invoiced quarterly, and it is proposed to continue this practice. It is not presently proposed to issue invoices through a billing agent.</p>
<p>What dispute resolution procedures do you intend to</p>	<p>The current process involves complaints being elevated to a superintendent in the</p>

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<p>put in place to deal with energy related complaints and issues?</p>	<p>Applicant's business and then, if required, to management. The Applicant is currently preparing a more formal procedure to deal with energy related complaints.</p>																																				
<p>Please describe your business model in some detail, noting jurisdictions where you will be operating, and customer number forecasts for the first 3 years.</p>	<p>The business model is the generation, distribution and sale of electricity on a vertically integrated basis, to the township of Weipa, and the community of Napranum. Electricity is supplied on non—profit basis, as an adjunct to the applicant's core business of mining, processing and shipping bauxite.</p> <p>The Applicant will be operating in the township of Weipa, in the jurisdiction of Queensland.</p> <p>Customer numbers for the years 2011-2015 are set out below.</p> <table border="1" data-bbox="943 671 1659 922"> <thead> <tr> <th></th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>1537</td> <td>1403</td> <td>1358</td> <td>1583</td> <td>1483</td> </tr> <tr> <td>Small business</td> <td>160</td> <td>163</td> <td>155</td> <td>175</td> <td>140</td> </tr> <tr> <td>Large business</td> <td>24</td> <td>27</td> <td>26</td> <td>20</td> <td>21</td> </tr> <tr> <td>Other (Ergon)</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Charity</td> <td>50</td> <td>56</td> <td>55</td> <td>37</td> <td>43</td> </tr> </tbody> </table> <p>The Applicant expects customer numbers to remain within the range set out above for the 2016, 2017 and 2018 years.</p>		2011	2012	2013	2014	2015	Residential	1537	1403	1358	1583	1483	Small business	160	163	155	175	140	Large business	24	27	26	20	21	Other (Ergon)	1	1	1	1	1	Charity	50	56	55	37	43
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<p>What is your pricing structure - will you charge for energy only or are there other fees? Will you charge only for energy consumed or for all energy generated?</p>	<p>The Applicant supplies electricity on the basis of a flat rate tariff, inclusive of distribution charges, to customers based on the following classifications:</p> <ul style="list-style-type: none"> ▪ Residential ▪ Small Business ▪ Large Business ▪ Ergon. <p>There is no differentiation based on time of use, as the Applicant's costs are fixed. Electricity is charged on the basis of electricity consumed, or, where a meter reading is not available, on the basis of an estimate of consumption.</p> <p>The current tariff structure (effective 1 September 2015) is set out below.</p> <table border="1" data-bbox="1003 667 1794 1278"> <thead> <tr> <th rowspan="2">RTA Tariff</th> <th rowspan="2">Kilowatt Hours (KwH)</th> <th colspan="2">New Tariff (GST exclusive) effective 01/09/2015</th> </tr> <tr> <th>Cents per kWh</th> <th>Daily Service Fee (cents)</th> </tr> </thead> <tbody> <tr> <td>Tariff A - Residential</td> <td>Flat Rate</td> <td>22.238</td> <td>106.728</td> </tr> <tr> <td>Tariff B - Small Business <100MWh per year</td> <td>Flat Rate</td> <td>22.481</td> <td>130.556</td> </tr> <tr> <td>Tariff H - Large Business >100MWh per year</td> <td>Flat Rate</td> <td>30.866</td> <td>63.100</td> </tr> <tr> <td>Tariff N - Not-for-Profit</td> <td></td> <td>0.000</td> <td>0.000</td> </tr> </tbody> </table>	RTA Tariff	Kilowatt Hours (KwH)	New Tariff (GST exclusive) effective 01/09/2015		Cents per kWh	Daily Service Fee (cents)	Tariff A - Residential	Flat Rate	22.238	106.728	Tariff B - Small Business <100MWh per year	Flat Rate	22.481	130.556	Tariff H - Large Business >100MWh per year	Flat Rate	30.866	63.100	Tariff N - Not-for-Profit		0.000	0.000
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<p>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?</p>	<p>The Applicant forms part of the Rio Tinto group. There is no present intention to transfer any function to a related company.</p>
<p>Do you intend to use fixed term contracts and, if so, how long will they be?</p>	<p>The Applicant does not use and does not presently intend to use fixed term contracts.</p>
<p>Under what circumstances can the customer terminate the agreement and at what cost?</p>	<p>The Customer may terminate the agreement on two business days' notice, so long as safe access is given to the relevant premises for the purposes of meter reading. There is no break fee for termination. The agreement may also be terminated by mutual consent.</p>
<p>What happens when the contract ends? Who owns the system? What arrangements 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).</p>	<p>When the contract ends, the Customer may no longer take electricity from the Applicant's system unless it first executes a fresh connection application. In the event that the Applicant could no longer continue supplying energy, Customers would need to consider alternative sources of supply.</p>
<p>Who will own any green energy certificates or rebates, including feed-in tariffs, which apply to the generation system?</p>	<p>The only significant renewable energy plant in Weipa at present is the 1.2MW solar plant, the output of which is contracted to the Applicant. At present, it is not practical to install other rooftop solar plant at Weipa. This is because Weipa has intermittent brief cloud cover, which would result in a rapid loss of solar load, which it turn creates stability problems for Weipa's diesel generation.</p>
<p>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.</p>	<p>A full mail out to the township of Weipa may pose some practical difficulties. The Applicant is happy to discuss alternate means of facilitating the consultation process.</p>
<p>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?</p>	<p>A relatively small number of customers will also be the Applicant's tenants. As at the date of this application, the Applicant is lessor or sub-lessor of some 548 properties in the Weipa township area. Where applicable, the Applicant proceeds on the basis that either the State's residential tenancy laws or commercial tenancy laws will provide appropriate protections.</p>

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What is the total number of customers 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).	See list provided above																					
Will you be on-selling energy (that is, selling energy purchased from an authorised retailer) or purchasing it directly from the wholesale market?	For the reasons explained above, the Applicant will not be purchasing electricity from a wholesale market, and, except in the case of electricity generated by the owner of the Solar plant, the Applicant will not be on-selling energy.																					
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)?	<p>In the 2014 calendar year, the Applicant sold 33,784,178 kWh in 2014 to 3rd parties (including tariff N (not for profit) customers which are not invoiced).</p> <p>Details of that supply by customer class are set out below.</p> <table border="1"> <thead> <tr> <th>2014</th> <th></th> <th>Tariff 11 (Residential)</th> <th>Tariff 20 (Small Business)</th> <th>Tariff 20 (Large Business)</th> <th>Other (Tariff 1 - Ergon)</th> <th>Other (Tariff N)</th> </tr> </thead> <tbody> <tr> <td>No. of Customers</td> <td>No.</td> <td>1,583</td> <td>175</td> <td>20</td> <td>1</td> <td>37</td> </tr> <tr> <td>Consumption</td> <td>kWh</td> <td>17,429,957</td> <td>5,199,637</td> <td>6,558,912</td> <td>3,219,691</td> <td>1,375,981</td> </tr> </tbody> </table>	2014		Tariff 11 (Residential)	Tariff 20 (Small Business)	Tariff 20 (Large Business)	Other (Tariff 1 - Ergon)	Other (Tariff N)	No. of Customers	No.	1,583	175	20	1	37	Consumption	kWh	17,429,957	5,199,637	6,558,912	3,219,691	1,375,981
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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).	The Applicant's customers will not be wholly contained within a site owned by the Applicant. Approximately 80% of houses in Weipa are on freehold land. The supply to Napranum is also to a site which is not owned, controlled or operated by the Applicant.																					
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.	Every property for which an invoice is rendered is metered, apart from Telstra and the Weipa Town Authority (for street lighting) the readings for whom are estimated. For street lighting, the Customer is Weipa Town Authority and invoices can be prepared on an estimate basis, because the load is predictable. The Applicant recently received an application for 'unmetered supply' from Telstra, for its NBN project again presumably because the load is predictable.																					

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	Other unmetered supplies are offered where the load is so small that the cost of a meter would be uneconomic.
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)?	The meters deployed in Weipa are basic accumulation meters. The meter for the Ergon load is owned and operated by Ergon.
If customer dwellings/premises are separately metered, how often do you propose the meters to be read and by whom?	The Applicant's objective is to read meters at 3 monthly intervals. This is not always practical, as at some premises, the meters are inaccessible, and at some other premises, the presence of pets or other factors prevents the timely reading of meters.
How will you determine energy charges if customers are not separately metered?	Energy charges for unmetered supply will be determined by estimate.
What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues?	See comments above
What energy rebates or concessions are available for your customers and, if applicable, how can customers claim these?	The Applicant's standard form invoice states in part: 'Concessions and Rebates Queensland pensioners and seniors may be eligible for an electricity rebate, to check if you're eligible please contact us.'
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?	The Applicant would very much like to make energy efficiency opportunities available to its customers, due to the loss making nature of its supply activities. However, at present, rooftop solar is not permitted due to the small-scale nature of grid and the trial of the commercial solar IPP.
We may require you to provide evidence of customers' explicit informed consent for applications involving retrofitted embedded networks.	The Applicant believes this issue to be of limited relevance to the facts of this case.
Please provide any further information that you consider would assist us to assess your application.	