

SAVANT **ENERGY**

POWER NETWORKS

**SAVANT ENERGY POWER NETWORKS
APPLICATION FOR RETAILER AUTHORISATION – ELECTRICITY
1 APRIL 2015**

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1. GENERAL PARTICULARS

1.1 APPLICANT

The applicant is Savant Energy Power Networks Pty Limited.

1.2 TRADING NAME

Savant Energy Power Networks Pty Limited does not use a trading name.

1.3 ACN

ACN is 604 736 638 (Please refer to *Appendix A: Certificate of Incorporation*).

1.4 REGISTERED ADDRESS

13 Greenhill Road
Wayville, SA 5034

1.5 ADDRESS FOR CORRESPONDENCE

PO Box 110
Walkerville, SA 5081

1.6 NOMINATED CONTACT PERSON

Name : Richard Mintz
Position : Director
Contact details : 0414 332 607
Email : Richard@savantenergy.com.au

1.7 FORM OF ENERGY FOR WHICH A RETAILER AUTHORISATION IS SOUGHT

Electricity.

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1.8 DATE YOU INTEND TO COMMENCE RETAIL OPERATIONS

1 July 2015.

1.9 NATURE AND SCOPE OF THE OPERATIONS PROPOSED

SEPN will sell electricity to small and large customers through Embedded Power Networks (EPN).

1.10 JURISDICTIONS

The applicant will be operating initially in SA with a view to expanding nationally.

1.11 TYPE OF CUSTOMERS

SEPN intends to sell electricity to small and large customers through EPN's. The initial EPN's will operate in Retirement Villages.

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2. ORGANISATIONAL AND TECHNICAL CAPACITY

2.1 PREVIOUS RETAILING EXPERIENCE

Savant Energy Power Networks Pty Limited does not have experience in the retailing of electricity, however one director has been involved in the energy industry for 5 years. In Richard Mintz's capacity as the Managing Director of Love Energy (Aust) Pty Limited he ran a significant customer service centre and is well aware of the intricacies of operating such a department. In his capacity as the proprietor of Savant Energy Advisory Pty Limited, he provides advice and services to both residential and business retail electricity customers. In order to provide this advice he has acquired significant knowledge and understanding of the problems that arise for retail customers. In many instances he has acted on behalf of his clients in disputes with energy retailers, either by directly dealing with the retailer or thru the Energy and Water Ombudsman of South Australia. He has a detailed understanding of pricing, network charges, renewable energy charges, privacy issues and DUOS issues. He has been acting for Lifestyle for the last 12 months and have provided them with significant advice in relation to the operation of their EPN sites.

In order to demonstrate that we have the necessary skills and experience, we have appointed David Prins of Etrog Consulting to work with us as a consultant who has relevant experience in the energy retail market. It is our understanding that David is known to the AER and is a member of your Consumer Challenge Panel. David has been engaged to perform a skills and experience gap analysis for us from the results of his analysis we will then be able to identify how we will fill these gaps. It is envisaged that David will provide us with consulting services in this regard.

2.2 OTHER RELEVANT EXPERIENCE

As mentioned above whilst Savant Energy Power Networks Pty Limited has no experience in retailing electricity its directors and shareholders have experience in the energy markets.

2.3 KEY SHAREHOLDER EXPERIENCE

Savant Energy Power Networks Pty Limited is jointly owned by Richard and Sophia Mintz as trustees for the Mintz Family Trust (50%) and J and H Family Nominees Pty Limited as trustee for the J and H Family Trust (50%).

Please refer to *Appendix B: Shareholding Structure of the Savant Group* and *Appendix C: Energy Market Experience* for any shareholder owning over 20%.

2.4 ORGANISATION CHART

Please refer to *Appendix D: Organisational Chart*.

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2.5 EMPLOYEES

Savant Energy Power Networks Pty Limited currently employs 3 employees (including directors). Number of employees that will initially be working on the Energy Retail business by functional unit is presented below (and is outlined in *Appendix D*):

Business Unit	Employees
Finance	1
Operations	1
Marketing & Sales	1

We believe that our existing staffing levels are sufficient in order to meet our requirements and comply with our obligations under the retailer authorisation. The forecasts that we have provided to the AER have not included any growth projections: either in terms of the acquisition of additional retail customers, or in terms of staffing. We agree that it would be prudent for the directors of SEPN to determine a trigger point for the review of our staffing requirements, however we feel would be difficult for us to do so prior to the commencement of our operations, anticipated to be 1 July 2015, subject to the granting of our retailer authorisation by the AER.

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2.6 QUALIFICATIONS, SKILLS & EXPERIENCE OF OFFICERS

2.6.1 OFFICERS

Title	Name	Experience
Director	Richard Mintz	<p>Bachelor of Economics</p> <p>Member of the Institute of Chartered Accountants</p> <p>Masters of Business Administration</p> <p>Member of the Institute of Company Directors</p> <p>Managing Director of Love Energy (Aust) Pty Limited 2010 to 2013</p> <p>Director of Savant Energy Advisory Pty Limited 2013 to current</p> <p>Director of Savant Capital Pty Limited 2014 to current</p>
Director	Justin Hyde	<p>Bachelor of Economics</p> <p>Member of the Institute of Chartered Accountants</p> <p>Over 20 years of Investment Banking experience with Macquarie Bank, JP Morgan and Barclays</p> <p>Director of Savant Capital Pty Limited 2014 to current</p>

2.7 COMPREHENSIVE BUSINESS PLAN

A comprehensive business plan is attached as *Appendix M: Business Plan*.

2.8 QUALITY ASSURANCE ACCREDITATION

Savant Energy Power Networks Pty Limited is a newly incorporated company established to retail electricity and has not completed any quality assurance accreditations.

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2.9 COMPLIANCE STRATEGY

2.9.1 OBLIGATIONS

Savant Energy Power Networks Pty Limited understands that electricity is an essential service and as a retailer we provide a significant input to our customers' businesses and homes. Savant understands the importance of complying with Energy Laws and the terms of our licence.

Savant Energy Power Networks Pty Limited has implemented a compliance policy consistent with Australian Standard AS3806 and its core principles of commitment, implementation, monitoring, measuring and continuous improvement.

Please refer to *Appendix E: Savant Energy Power Networks Pty Ltd Compliance Policy*

Savant Energy Power Networks Pty Limited has compiled a detailed set of Policies and Procedures to ensure that Savant can manage its retail operations and remain compliant with all relevant obligations. These include complying with the National Electricity Retail Law, National Electricity Retail Rules, AER Guidelines and authorisation conditions (pending approval) and jurisdiction specific energy obligations for each state that Savant intends to provide electricity. Savant has also considered its obligations under National Electricity Customer Framework (NECF), Competition and Consumer act 2010, Australian Consumer Law, Privacy Act 1988 and other relevant legal or regulatory requirements to ensure appropriate interactions with customers. The internal compliance and risk management team, with assistance of its legal and compliance service providers, ensure identification and compliance with relevant obligations on an ongoing basis.

Given the size of our organisation and our small customer base, we do not intend employing a dedicated compliance officer. The task of overseeing compliance will fall to the Audit and Risk Committee. Richard Mintz in particular has significant experience in this area, having completed the company director's course provided by the Australian Institute of Company Directors. Part of this course entails training in relation to compliance and risk management. In addition he has Chaired a Board of a not for profit organization, with revenue in excess of \$10 million per year and assets under management of \$25 million. As part of his role he implemented a risk management framework for the organisation and oversaw the compliance issues. He is also a member of Institute of Chartered Accountants and have received training in this regard through the Institute. The Audit and Risk Committee will have responsibility for ensuring that the employees of the organisations are appropriately trained in the regulatory obligations. The requirements of the training will be determined by the Committee, who will be responsible for the provision of training.

2.9.2 COMPLAINT AND DISPUTE RESOLUTION PROCEDURES

Savant Energy Power Networks Pty Limited has implemented a Complaints Handling Policy consistent with ISO1002 standard for the handling of customer complaints. The policy recognises the complaints definition under the AER Guideline.

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All complaints are taken seriously, handled swiftly and with sensitivity. All details relating to customer complaints are documented, recorded in the Complaints Register and reported to meet the AER reporting requirements.

Please refer to *Appendix F: Savant Energy Power Networks Pty Ltd Complaints and Dispute Resolution Policy* and *Appendix G: SEPN Customer Enquiry, Complaints and Dispute Resolution Procedures*.

2.9.3 PRIVACY

Savant Energy Power Networks Pty Limited recognises the importance of proper handling of customer information in all interactions by voice, written, electronic and web based. Savant has developed a Privacy Policy that is available on its website.

Please refer to *Appendix H: Savant Energy Power Networks Pty Ltd Privacy Policy*.

2.10 RISK MANAGEMENT STRATEGY

Savant Energy Power Networks Pty Limited has implemented a risk management framework consistent with ISO 31000:2009 and AS4360:2004. The key risks associated with operating an electricity retail business have been identified and the Board has endorsed a detailed Energy Risk Management Policy. The Board has ultimate responsibility for energy risk management with primary oversight provided by the Risk Management Committee and management processes and responsibilities delegated to executive management and staff. This Policy is subject to regular review and external assurance.

Please refer to *Appendix I: Savant Energy Power Networks Pty Limited Risk Management Policy*.

2.11 INSURANCE ARRANGEMENTS

Savant Energy Power Networks Pty Limited will hold all insurances necessary to comply with statutory obligations prior to the commencement of operations.

2.12 OUTSOURCING & THIRD PARTY AGREEMENTS

It is our intention to utilise a third party meter reading service provider. At this stage we intend to use Skill Tech, who are part of the Utility Services Group. Skill Tech manage more than 41 million meter readings and 330,000 meter installations/replacements per year. Skill Tech visits about 160,000 homes per day around Australia providing metering services, making them one of the most experienced providers of this service in Australia. We do not intend to end source this operation in the future. There is no intent to insource these functions in the future.

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2.13 OTHER ARRANGEMENTS

Savant Energy Power Networks Pty Limited has been granted membership of the Energy and Water Ombudsman SA, subject to the approval of this application by the AER.

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3. FINANCIAL RESOURCES

3.1 AUDITED FINANCIAL REPORTS FOR THE PAST 3 YEARS

As Savant Energy Power Networks Pty Limited is a newly incorporated entity for the purpose of retailing electricity, there are no financial statements.

We attached as Appendix S a copy of a letter from an Independent Accountant stating that SEPN is a going concern and that they are unaware of any factor that would impede our ability to finance our energy retailer activities.

3.2 CREDIT RATING

Savant Energy Power Networks Pty Limited does not have a credit rating.

3.3 GROUP STRUCTURE

3.3.1 OWNERSHIP STRUCTURE

The shareholding for Savant Energy Power Networks Pty Limited is attached in *Appendix B. Shareholding Structure*.

3.3.2 FUNDING

We attach as Appendix R a copy of a bank statement showing that adequate funds are available from one of the shareholders to meet our working capital requirements.

3.4 FORECAST REVENUE AND EXPENSES

Please refer to *Appendix J: Financial Model*

3.5 DIRECTOR DECLARATION

Please refer to *Appendix K: Director Declaration re Solvency*.

3.6 ADDITIONAL INFORMATION

3.6.1 DETAILS OF INCORPORATION

A copy of Savant Energy Power Networks Pty Limited Certificate of Incorporation is provided in *Appendix A*, and a copy of Savant Energy Power Networks Pty Limited Constitution is provided at *Appendix L: Constitution*.

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3.6.2 BUSINESS PLAN

Savant Energy Power Networks Pty Limited has a detailed business plan and financial model. A summary of the financial model and business plan is contained in *Appendix M: Business Plan*.

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4. SUITABILITY

4.1 OFFICER DECLARATION

Please refer to *Appendix K: Director Declaration re Solvency*.

4.2 MATERIAL FAILURES, LEGAL ACTIONS, REVOCATION OF AUTHORITIES

Savant Energy Power Networks Pty Limited confirms that none of its directors, nor any other person that exerts control over its business activities have been the subject of any offences or successful prosecutions under any territory, state, Commonwealth or foreign legislation that are relevant to AER's capacity as an energy retailer.

Savant Energy Power Networks Pty Limited confirms that neither it, its associates or any other businesses where its officer have held positions nor any other entity that exerts controls over its business activities has been the subject of:

- Any material failure to comply with regulatory requirements, laws or other obligations over the previous 10 years, including all circumstances that resulted in an infringement notice or other enforcement action (including undertakings) being taken by a regulatory body;
- Any previous revoked authorisations, authorities or licences held in any industry;
- Any failed authorization, authority or licence applications in any industry; or
- Any past or present administrative or legal actions in relation to an authorization, authority or licence in any industry.

Please refer to *Appendix N: Directors and Officers Declaration*.

We attach as Appendix T a statement in relation to Love Energy (Aust) Pty Limited.

4.3 CRIMINAL HISTORY CHECK

Criminal history checks for Directors and Officers of Savant Energy Power Networks Pty Limited will be provided on request where necessary.

4.4 DISQUALIFIED DECLARATION

No Directors or officers of Savant Energy Power Networks Pty Limited have been disqualified from the management of corporations.

Please refer to *Appendix O: Director and Officer Declarations re Disqualification*.

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4.5 DIRECTORS DETAILS

Please refer to *Appendix P: Details of Directors* for name and residential addresses.

4.6 SUITABILITY POLICY

Savant Energy Power Networks Pty Limited is committed to building a business that operates ethically and is the subject of robust governance frameworks and processes. Savant Energy Power Networks Pty Limited seeks to achieve these outcomes by:

- Standard employment agreement deals with probity expectations and requirements including confidentiality, compliance with laws and regulations and code of conduct;
- Completing Good Fame and Character screening for all Board and executive positions, including criminal history and bankruptcy checks for all jurisdictions they have resided in during the past 10 years and extensive reference checks;
- Implementing the Savant Energy Power Networks Pty Limited requiring commitment from Board of Directors and regular negative and positive assurance from directors, senior executives and other key managers in relation to probity matters;
- Promoting ethical conduct through the adoption of the Savant Energy Power Networks Pty Limited Code of Conduct & Ethics and including ethics topics as a mandatory part of the training program;
- Accurate and meaningful minute-taking for all Board and sub-committee meetings;
- Conducting regular reviews of executive and Board activities and decisions; and
- Providing access to qualified legal providers for advice.

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5. APPENDICES

Commercial in Confidence

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