



5 August 2015

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

By email: AERInquiry@aer.gov.au

PUBLIC VERSION

Application for an Individual Exemption under the National Energy Retail Law from the requirement to hold a Retail Authorisation

This application is for an individual exemption under the National Energy Retail Law from the requirement to hold a retail authorisation. This application is to support development of a Simply Energy Solutions Pty Ltd (SES) solar power purchase agreement (SPPA) business.

General information requirements

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

Simply Energy Solutions Pty Ltd

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

Not applicable – the legal and trading names are the same.

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

ABN 86 165 627 396

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

Level 33, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

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

Simon Wardell
General Manager, Energy Services
Simply Energy
Level 33, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Ph: (03) 8807 1101

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.*

SES is seeking an individual exemption, rather than a retailer authorisation, as the proposed activity is not a primary supply of grid-delivered electricity. The proposed activity is a supplementary supply of electricity that is generated by infrastructure at the consumer's premises. The contract to obtain this supplementary supply of non-grid delivered electricity requires the consumer to maintain a contract with an authorised retailer who will remain responsible for the primary supply of grid-delivered electricity.

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.*

Not applicable.

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

SES's primary activity is a provider of energy-related services and solutions to consumers. This includes provision of distributed energy generation systems at consumer premises under diverse payment models. Under the SPPA model SES will own and maintain the generation system at the customer premises during the life of the system, or until the systems are purchased by customers.

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 to is directly or indirectly connected to the main grid or is (or will be) an off-grid network.*

The exemption being applied for is in regards to electricity. The electricity proposed to be sold will be provided directly by the solar PV system at the customer's premises. The customer's premises must be connected to the main grid in order to receive the proposed SES SPPA product.

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

Not applicable.

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

As soon as practicable following approval of this application.

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.*

Not applicable.

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

- *Date/s and location/s of previous operations*
- *Form/s of energy sold*
- *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 contracted out to third parties.*

SES is a member of the GDF SUEZ Australian Energy group that includes large-scale electricity generation assets in the National Electricity Market (NEM) in the states of Victoria and South Australia, as well as Western Australia. The group also includes Simply Energy, a partnership of group businesses, which holds licenses and authorisations to retail electricity and gas in the NEM.

Simply Energy supplies energy to approximately 542,000 account holders (electricity and natural gas) in the NEM area.

SES will use third-party contractors to install the distributed generation infrastructure. SES currently uses reputable third party contractor to supply and install rooftop photovoltaic (PV) generation systems that are currently provided to residential consumers under contractual arrangements that do not involve SPPAs.

SES will continue to use billing systems and administrative services provided by Simply Energy and other GDF SUEZ Australian Energy group businesses. All other activities are expected to be carried out in-house by SES.

14. *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.*

SES does not, and never has, held or been subject to an energy selling exemption or retail licence in any Australian state or territory.

Simply Energy, a partnership of businesses within the GDF Suez Australian Energy group that includes SES, holds licences and authorisations to retail energy in the Australian Capital Territory, New South Wales, Queensland, South Australia, and Victoria.

15. *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).*

SES is a member of the GDF SUEZ group, which is a leading global energy business with significant generation assets and an energy retail business in Australia. Customers can be confident when entering a SPPA with SES because it is backed by a strong global company. Additionally, PV installation costs mean that a PV system is worth more to a business when it is generating income at the customer's premises than if it is removed and sold or redeployed. This gives customers confidence that the SPPA product is likely to endure over time.

Particulars relating to the nature and the 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?*

Not applicable.

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 arrangements under which these services are being provided.*

The SES business model does not include providing accommodation or leasing property to persons at the site where energy is provided from an SES distributed generation system.

SES may provide other energy related products or services (such as energy efficiency products) to consumers who purchase energy from an SES distributed generation system at their premises. Additionally, these consumers may also be customers of Simply Energy or other GDF Suez Australian Energy group businesses.

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 by the jurisdiction in which you intend to operate).*

Not applicable.

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

Not applicable.

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 arrangement.*

Not applicable.

6. *What is the estimated aggregate annual amount of energy you are likely to sell (kilowatt hours or megawatt hours for electricity and megajoules 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)?*

Not applicable.

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).*

Not applicable.

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

Not applicable.

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)?*

Remotely-read interval meters are planned to be installed to measure the output of the distributed generation system at the consumer's premises. The meter data will be the basis of the invoice provided to the consumer for the distributed generation system's output.

The meter does not replace the consumer's meter that measures the consumer's import and export flows to and from the electricity grid. In the NEM (which includes the scope of this application) these consumer meters enable consumers to change retailer for their primary supply of grid-delivered electricity.

As a result, the meter that measures the output of the generation system at the consumer's premises does not affect the consumer's ability to change retailer for their primary supply of grid-delivered electricity.

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?*

Meters meet Class 1 accuracy standards, comply with relevant Australian Standards, AS 60253.21 and AS 62052.11, and comply with National Measurement Act requirements.

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

The SPPA meter at a customer's premises will be read remotely by a service provider that has suitable systems and experience in meter reading. Read frequency will be as required to meet the customer's billing cycle, or more frequently.

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

Not applicable.

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 minimum of quarterly with a preference to provide monthly billing service by SES, utilising billing system services provided by our parent GDF SUEZ Australia Energy.

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

SES will leverage off Simply Energy's dispute resolution processes, which have been developed to meet the more complex requirements connected with providing the consumer's primary supply of grid-delivered electricity.

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

Not applicable.

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?*



The application relates to a business based on SPPAs, which by definition incorporate solar generation. The distributed generation metering will measure all the output of the generation system, and this will be the basis for the amounts charged to the consumer. The SPPAs are offered to consumers as a way of meeting some of their energy needs and managing their energy costs, with potentially similar outcomes to energy efficiency options. Additionally, SES may also offer consumers further energy efficiency services.

17. Please provide any further information that you consider would assist us to assess your application.

SES has been set up by GDF SUEZ Australian Energy group alongside its Simply Energy retail business, as a business focused on providing innovative energy-related products and services to consumers. The business leverages the experience, systems, and business processes of Simply Energy and other GDF SUEZ businesses situated across the globe in order to maximise the value of the products and services it offers.

Additional questions for SPPA applicants

1. *What is your strategic direction and what are your objectives, for example, please describe your business model in some detail, noting jurisdictions where you will be operating, and customer number forecasts for the first year, and within 3-5 years.*

Confidential.

2. *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?*

Please see the response to question 13 in the General Information Requirements section.

3. *Do you intend to sell to residential or commercial customers and what size systems will you install?*

Confidential.

The following questions relate to the SES SPPA. Please see the attached document 'Solar Energy Sale Agreement', which applies to both residential and commercial customers, for further details.

4. *Who will be responsible for the maintenance and repair of the solar PV system once it is installed?*

Confidential.

5. *Who will own the green energy certificates and/or rebates?*

Confidential.

6. *Who will own any feed-in tariff income?*

Confidential.

7. *What is your pricing structure – will you charge for energy only or are there other fees? Will you charge for all energy generated or only the energy consumed?*

Confidential.

8. *Under what circumstances can the customer terminate the agreement and at what cost?*

Confidential.

9. *What happens when the contract ends? Who owns the system?*

Confidential.

Exemption conditions for SPPA businesses

We note the exemption conditions for SPPA businesses set out in the AER's 'Industry Guidance: solar power purchase agreements', and our SPPA business model incorporates these conditions.



Specifically, it incorporates the obligations to inform customers that SES is not an authorised retailer, that SES is not bound by the NERL obligations that apply to authorised retailers, and that SES is bound by other customer protection legislation, including the Australian Consumer Law. The first section of the SPPA, headed 'Background', provides the customer with this information.

Additionally, SES's business model does not include SES registering in the wholesale market for energy purchasing, or becoming the financially responsible market participant for the premises.

Please contact me if you have any questions about this application.

Regards,

A handwritten signature in black ink, appearing to read "S. Wardell", with a stylized, cursive flourish.

Simon Wardell
General Manager, Energy Services
Simply Energy Solutions Pty Ltd.