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**Application for an individual retailer exemption by Skycell Pty Ltd**

Submitted to the Australian Energy Regulator on 27/5/2014

Your legal name: Skycell Pty Ltd

Your trading name if different to your legal name: N/A

Australian Company Number (ACN): 165 080 688

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

96/104 Henry Kendall St. Franklin, ACT, 2913

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

Name: Geoffrey Kay

Position: Company Director

Mobile: +61403877388

Email: Geoff@skycell.com.au

Why you are seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate to your circumstances.

We are seeking an individual exemption because we do not fall into the traditional retailer or retail exemption categories.

Skycell Pty Ltd provides an ancillary supply of electricity to commercial and industrial customers at a cheaper price than in available from traditional retailers by generating electricity onsite using solar PV panels. The customers’ primary electricity supply arrangements will be retained by an authorised retailer of the customer’s choosing.

Furthermore, Skycell’s interpretation of exempt selling occurs because

1. We are not taking over, influencing, affecting or interfering with the customer’s choice of retailer, and we are not creating a network.
2. We are not being a retailer for their primary supply requirements.
3. We know that the PV system only provides part of their energy needs.
4. We are not guaranteeing supply; any contract with us is in addition to a supply arrangement with a retailer and loss of supply from us does not remove the customer’s access to electricity.
5. We only intend to supply commercial customers and will not be marketing products or services to domestic customers.

An individual exemption is more appropriate than a retailer authorisation with respect to Skycell’s operations.

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:

Various locations on customer premises. Skycell will offer solar electricity generated onsite to customers located in QLD, NSW, ACT, VIC and SA. As such Skycell Pty Ltd seeks a multi-site individual retail exemption.

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

Own and manage solar PV generation systems on customer premises for the purpose of selling electricity to the customer in addition to grid supplied electricity.

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.

Electricity only. All PV systems will be connected directly to the main grid. The customer will retain their primary grid connection with supply through an authorised retailer.

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

The date from which you intend to commence selling energy: Only once a retail exemption has been granted. This is expected in Q2, 2014.

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: N/A

Details of any experience in selling energy, for example:

* date/s and location/s of previous operations

None

* form/s of energy sold

Solar generated electricity

* scale of operations (that is, the number, size and type of customers)

(REDACTED)

* an explanation of which activities will be conducted in-house and which will be contracted out to third parties.

(REDACTED)

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.

We do not currently and have not previously held or been subject to an energy selling exemption or retail licence.

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).

N/A In no circumstance will we be the only provider of electricity. The customer will maintain an account with a registered retailer and remain connected to the main grid. They will also retain full access to choice of electricity retailers.

*Particulars relating to the nature and scope of the proposed operations*

To determine whether it is appropriate to exempt you from the requirement to hold a retailer authorisation, we need information on the nature and scope of the operations you propose to conduct. Please answer the following questions:

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?

Customers will not be our tenants. Customers will be either commercial or industrial businesses who may be tenants or property owners of their premises. We also intend to supply body corporates to provide electricity for common property in residential developments. We do not intend to supply residential customers directly.

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. No

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).[[1]](#footnote-1)

This is not applicable as we plan to work across multiple commercial sites. Customers will be business customers only, both large and small and body corporates of residential dwellings.

Will you be onselling energy (that is, selling energy purchased from an authorised retailer) or purchasing it directly from the wholesale market?

No. We will provide a bill management service to our customers to combine a customer’s current electricity bills with those generated by us. The customer will retain full control over the choice of grid electricity provider.

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. N/A

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)?

(REDACTED)

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, we will not own the site, only the PV generating equipment.

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

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)?

NMI Pattern Approved Interval meters. (REDACTED)

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?[[2]](#footnote-2)

Class 1 meters will be used. They will comply with the National Measurement Act 1960 (Cth) requirements for electricity meters installed

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

(REDACTED) between daily and monthly.

How will you determine energy charges if customers are not separately metered? N/A

In what form and how often will customers be billed? Will you be issuing bills yourself or through a billing agent?

(REDACTED)

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

The customer may raise a complaint with Skycell Pty Ltd. Skycell Pty Ltd will respond to the dispute within a set timeframe, detailing the reasons for its decision in relation to the dispute. If the customer is not happy with the outcome of the dispute, then it may refer the complaint to the NSW Office of Fair Trading.

Skycell Pty Ltd will respond to customer queries over telephone, email or in person and follow our internal Dispute Resolution Plan to ensure any complaints are resolved appropriately and as quick as practically possible.

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

Skycell Pty Ltd will not offer rebates or concessions in addition to the electricity rate agreed with the customer. The customer will still have access to any rebates or concessions offered by their energy retailer.

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?

We do not provide energy efficiency options, but will direct customers to other services providers where applicable. We will only be providing solar PV generated electricity. All electricity is gross metered and the customer is responsible for maintaining a connection with an electricity retail provider.

Please provide any further information that you consider would assist us to assess your application: N/A

What is your strategic direction and what are you objects? For example, please list yoru expected customer numbers in the first year, in two years and three years, including the amount of energy you expect to sell in each period.

(REDACTED)

What is the length of your contracts?

(REDACTED) Different length contracts may be negotiated depending on the customer’s circumstances and the tariff offered.

In what circumstances can a customer terminate the agreement, and at what cost? Can they exit at any time and for any reason? Will you stipulate upfront in the contract, any exit fees? Please list what the exit fees are. What happens to the solar systems at the end of the contract – does ownership automatically transfer to the customer, or is there a residual payment to buyout the system? If so, how much is this and will you stipulate it upfront in the contract?

The customer may exit the contract early by buying out the PV system from Skycell at a pre-agreed rate. There are no other exit fees applicable.

The schedule of buyout rates is listed upfront in the contract document. The buyout rates will vary depending on the circumstances of each customer and the length of the contract. The buyout rate will decrease each year towards the end of the contract. Please note that we cannot provide a standard list of buyout prices as they will be different for each customer.

At the end of the contract, the customer may choose to buy out the system for the price listed in the buyout schedule, or leave the system under the ownership of Skycell. If the customer chooses not to buy out the system, Skycell will remove the system from the customer’s premises. The contract may also be extended by mutual agreement.

How will your pricing structure work? For example, is the customer charged only for their consumption or are there other fees?

The customer is charged only for electricity consumed. (REDACTED)

1. For electricity, large customers are customers who consume 100 MWh pa or more in New South Wales, the ACT, Queensland and Victoria, and 160MWh pa in South Australia; and for gas, customers who consume 1TJ pa or more. [↑](#footnote-ref-1)
2. For further information, see [www.measurement.gov.au](http://www.measurement.gov.au). [↑](#footnote-ref-2)