

PROUDLY SUPPORTING



STANDARD SOLAR

ABN: 60 150 286 678



Power Generation

Application for an individual retailer exemption by

Standard Solar Pty Ltd.

March 2015

Standard Solar Pty Ltd ABN – 60 150 286 678

Registered Address, 26 Rutherford Road, Seaford, Victoria, 3198.

Standard Solar Pty Ltd is a licensed and insured solar installation company which will continue to operate in its capacity as a registered electrical contractor and asset manager or power generation systems.

Standard Solar Pty Ltd ABN – 60 150 286 678 is seeking an individual retail exemption to cover the sale of energy to each of its Customers under a Power purchase Agreement (PPA).

Standard Solar Pty Ltd is an existing PV integrator and intends to operate a high quality renewable energy portfolio, based primarily on solar power through the use of PPA's.

The energy sold under the PPA is sold at a fixed price and provides both certainty in relation to energy costs in the future and savings for the customer, additional energy that is required by the customer to that which is generated on site will be purchased from the customer's retailer of choice through their existing connection to the mains electricity network. Standard Solar also has in place technology to minimise the export of electricity as certain networks have now amended their solar PV connection process to limit or in some cases not allow export of electricity to the grid.



26 Rutherford Road, Seaford, VIC, 3198

TEL: 1800 636 636 FAX: 1800 734 174

sales@standardsolar.com.au www.standardsolar.com.au



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Australian Energy Regulator
Application for individual exemption



Exempt Selling retail guidelines Appendix B

Standard Solar Pty Ltd
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1. Your legal name. If you are a body corporate or community corporation, please indicate this.

Standard Solar Pty Ltd is a proprietary limited company established under the Corporations Act 2001.

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

Standard Solar

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

Standard Solar Pty Ltd ABN – 60 150 286 678

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 Standard Solar Pty Ltd is:

26 Rutherford Road
Seaford VIC 3198
Australia

The principal office and postal address of Standard Solar Pty Ltd is:

26 Rutherford Road
Seaford VIC 3198
Australia

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

James Graham - Director

26 Rutherford Road
Seaford VIC 3198

Australia.

03 8609 8500

james@standardsolar.com.au



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

Standard Solar Pty Ltd is seeking an individual exemption as it is not a traditional retailer and adopts a business model that offers a non-traditional approach to the sale and purchase of electricity. Specifically Standard Solar Pty Ltd believes as a seller of electricity to customers it aligns itself with the principle set forth in the AER Statement of Approach (June 2014) by providing an “add-on” or supplementary service to a customer who also buys energy from an authorised retailer. Standard Solar Pty Ltd has developed a proposal pursuant to which any customer that chooses to participate will receive, with no upfront cost, a solar panel system installed on either the roof or the ground at their premises. Standard Solar Pty Ltd is granted a licence to install, maintain and operate the solar panel system on the property (PPA). If the Customer does not own the property itself, the owner of the property is requested to provide formal consent. The solar panel system provided by Standard Solar Pty Ltd is designed in consultation with the customer, utilising software modelling, climatic data for the applicable area and with reference to the customer’s historical energy utilisation via interval data to be supplied by the customer’s energy retailer. This ensures both that the solar panel system is suitable for the climate and the size of the solar panel system is commensurate to the needs of the customer’s business. Designing the solar panel system by reference to previous energy usage has the added advantage of ensuring that the customer is never exposed to costs or liabilities in connection with the solar panel system which are not consistent with its own energy needs whether during the term of the agreement or when it is over. It also ensures that Standard Solar Pty Ltd does not seek to charge a higher price for energy to cover the cost of an unnecessarily large solar panel system for its own benefit. The solar panel system includes meters that satisfy applicable Australian Standards ensuring accurate measurement and invoicing of energy. The equipment installed also includes a modem to enable remote monitoring of the performance of the equipment. Standard Solar Pty Ltd will remotely monitor the solar panel system throughout the term of the agreement, as such Standard Solar Pty Ltd will maintain the system to its optimal operating capacity. Customers are invited to participate in the PPA agreement and maintain the option to buy the solar panel system outright at any time in accordance with an agreed schedule. In consideration for the provision of the solar panel system, the Customer grants access to all relevant areas of the property to Standard Solar Pty Ltd and agrees to enter into the PPA. Under the PPA, the customer agrees to purchase, at a pre-determined rate per kWh, the energy produced from the solar panel system. As noted above the energy produced from the solar panel system is in full consultation with the customer and by reference to previous usage. The customer is required to use any energy it purchases on the site on which that energy is generated. Standard Solar Pty Ltd only sells energy which is generated at the customer’s site and never on-sells energy generated elsewhere or by another person. Standard Solar Pty Ltd does not attempt to replace the customer’s retailer of choice but only to provide a



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proportion of the customer's energy needs. If additional energy is required, for example, if the customer's business expands, or the energy actually generated on site is less than the total requirements of the customer, that additional energy will be acquired from the customer's retailer of choice in the normal course. Under the PPA the customer also assigns to Standard Solar Pty Ltd rights to any small scale technology certificates (STCs) which may be available with respect to the solar panel system at the customer's site. For the customer this has the advantage of not being exposed to market fluctuations in the price of STCs and not being required to familiarise itself with the way in which STCs are sold and traded. For Standard Solar Pty Ltd it has the benefit of the value of the STCs which it can use to meet some of the cost of installing the solar panel system and allow it to offer a lower price for the energy than it might if it did not receive the benefit of the STCs. On the basis of the elements described above, it is clear that Standard Solar Pty Ltd offers a bespoke energy selling agreement which is tailored for each individual customer, is designed to be a private agreement and does not exclude the customer's access to its retailer of choice. Standard Solar Pty Ltd only sells to a single customer in any one agreement. It does not establish a distribution network. As a consequence, the approach of Standard Solar Pty Ltd is not suited to a retailer authorisation of the kind normally granted to sellers of energy which sell to a range of customers across a range of sites. Nevertheless, Standard Solar Pty Ltd does sell energy so an individual exemption is appropriate.

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 relevant to this exemption application.

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

Standard Solar Pty Ltd's primary business is the supply and installation of a solar panel systems to domestic and commercial end users, Standard Solar Pty Ltd will expand this model to incorporate the installation of solar power systems on the property where a business resides, for the generation of energy at that property and the sale of the energy to that customer for use on that property. Standard Solar Pty Ltd will enter into a number of such agreements with a number of customers on different sites. Each agreement will be separate and independent of each other agreement.

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.

Electricity, directly connected to mains network.

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

Not relevant to this exemption application.

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

Standard Solar Pty Ltd 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.

Standard Solar Pty Ltd intends to sell energy to a range of customers at a variety of sites, exact site and systems details are not available at this time.

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)

Standard Solar Pty Ltd has extensive experience in the solar photovoltaic industry, primarily in connection with design, installation, sales, monitoring, maintenance and repairs. In the retail environment both commercial and residential Standard Solar has installed in excess of 6,000 Solar PV systems Australia wide. Standard Solar Pty Ltd will engage a third party to carry out the billing function. A modem will be installed at each property which will feed data to the billing company, after calculating the amount due for each time period for each customer by multiplying the data captured from the meter by the agreed fixed rate per kWh, the billing company will issue an invoice directly to the Customer. The billing company will also update the accounting records of Standard Solar Pty Ltd with details of each invoice. Customers will have a direct debit agreement to facilitate accurate and timely payment of invoices. If there are problems with payment, the matter will be referred to Standard Solar Pty Ltd to allow it to deal directly with the customer within the terms of the PPA. In order to optimise the billing process, meters will be installed that meet applicable Australian standards as well as international standards. Each meter will be supplied with an individual NATA endorsed test report confirming its independent calibration.



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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.

Not applicable.

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 to type of energy selling.

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?

Not relevant to type of energy selling.

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.

Our only relationship with the customer on the site will be the sale of electricity to the customer.

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).

Not relevant to this exemption application.



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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 relevant to this exemption application.

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 to this exemption application.

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)?

Not relevant to this exemption application.

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 relevant to this exemption application.

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.

Not relevant to this exemption application.

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)?

EDMI meters will be installed at each property. These meters meet all required standards and accreditations. They are be calibrated and are approved by AEMO. They meet applicable Australian standards as well as international

standards. Each meter is supplied with an individual NATA endorsed test report confirming its independent calibration. All EDM I meters are either National Measurements Institute 'pattern approved' and/or 'type tested'. This means that the metrology and method of construction has been proven by the National Measurements laboratory for Australian conditions. Each meter will hold internally at least 400 days of interval data. This means that if there is any problem with the remote monitoring and data retrieval that is to be used, there is a back-up of information which will be utilised on a site visit if necessary. These meters are used by all Australian distributors and by most Australian retailers of energy. There is nothing in the meter which prevents the use by the customer of energy provided by its retailer of choice, nor which will prevent the customer changing its retailer of choice from time to time. Standard Solar Pty Ltd does not seek to replace the customer's retailer of choice and under the terms of the PPA, the customer is expressly permitted and required to maintain its relationship with a retailer of choice in order to ensure access to a supply of energy independent from the supply generated by Standard Solar Pty Ltd on the customer's property.

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?

Yes, each meter will: (a) comply with Australian Standard AS62053.21; (b) will be a utility meter of at least class 2 or better; and (c) will comply with the National Measurement Act 1960 (Cth) requirements for meters installed from 1 January 2013.

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 based on monthly energy usage. Standard Solar Pty Ltd will engage a qualified third party billing agent to provide appropriate services for billing customers.

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

Ultimately, if a dispute cannot be resolved satisfactorily, the PPA provides the right to terminate the property licence or the PPA or both subjects to appropriate remedies. Furthermore, Standard Solar Pty Ltd acknowledges and remains subject to the specific guidance of the AER set forth in “AER Industry Guidance – solar power purchase agreements” (July 2014) advising that the consumer has access to the broad protections set forth by the Consumer and Competition Act 2010, which deals with misleading, deceptive or unconscionable conduct, the Australian Consumer Law which deals with unfair contract terms, marketing, warranties and guarantees and relevant State and territory fair trading legislation, which provides jurisdictional agencies with a role in dispute resolution and complaints. Such legislation ensures the Customer has the benefit of certain standards of behaviour and performance and will give the Customer access to the dispute resolution procedures designed to facilitate efficient and effective resolution of disputes in relation to such contracts. In addition, parties contracted to undertake services such as the installation of solar panel systems will be required to be accredited by their relevant industry bodies (eg. Clean Energy Council for installers). The contractor will be required to comply with the relevant bodies Member Code of Conduct and each Customer has access to all the benefits and protections that arise as a result of those accreditations, memberships and licences. Relevant insurance is carried as required for contractors, and, as a requirement under the PPA, by Standard Solar Pty Ltd A customer will not be precluded from having access to any applicable statutory insurance regime that may apply as a consequence of or in relation to the licences carried and approvals sought and obtained.

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

Not relevant to this exemption application



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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 to this exemption application.



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Solar Power Purchase agreements (SPPA) specific information:

- Do you have any experience in the energy industry? Please provide a brief description.

Standard Solar Pty Ltd Operates within the solar PV integration space, supplying, installing, maintaining and servicing a large number of systems ranging from small domestic grid connected to larger scale commercial and industrial systems with and without UPS and self-use battery storage functions.

- What is your strategic direction and what are your objectives? Please describe your business model in some detail, noting jurisdictions where you will be operating, and customer number forecasts for the first 3 years.

Standard Solar Pty Ltd will continue to offer the retail sale and installation of PV equipment to the end user, to offer payment options including leasing options to both domestic and business clients, Standard Solar plans to expand its business scope in to asset ownership and management of PV systems operating within the PPA window, supplying electricity to end uses as produced by renewable sources, Standard Solar plans to operate in each state and territory as applicable under the exemption if granted and in line with restrictions placed including that where exemptions are not granted within a given state or territory, we hope to install 200 systems within year and increasing to approximately 350-500 systems per year thereafter incorporating varying system sizes.

- What is your pricing structure - will you charge for energy only or are there other fees? Will you charge only for energy consumed or all energy generated?

Our pricing structure will be a fixed rate for power per kilowatt hour (kWh) We will charge for all energy consumed at a retail rate and any excess (exported) power will be charged at a rate commensurate with the customer export feed-in-tariff.

- 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?

A third party will be engaged to handle the metering and billing function within the PPA arrangement.



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- Do you intend to sell to commercial or residential customers, and what size systems will you install?

PPA arrangements will be available for domestic and commercial installation and system sizes available will range from 3kW – 100kW (possible larger where demand requires it)

- Do you intend to use fixed term contracts and, if so, how long will they be?

We intend to operate a fixed term contract of 15 years (including fixed energy rate)

- Under what circumstances can the customer terminate the agreement and at what cost?

The client may terminate the agreement at any time by giving 30 days written notice the only charge applicable will be the labour cost to uninstall the system this is approximately \$300 per Kilowatt. The option will also be available where the client may buy out the system at an agreed figure this would be calculated by the purchase price (this will be stated on the contract for the PPA) minus depreciation of 5% per annum.

- What happens when the contract ends? Who owns the system?

At the end of the 15 year term ownership of the system will transfer directly to the customer.



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