



**APPLICATION FOR INDIVIDUAL  
RETAIL EXEMPTION**

November 2014

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# 1 Introduction

Sunlease proposes to deliver solar electricity to supplement customers' electricity requirements under a Power Purchase Agreement. As simple as purchasing electricity from the grid, we are seeking to offer commercial customers the opportunity to purchase solar electricity from a solar plant at their site with no capital outlay.

Key benefits include:

- No upfront capital outlay.
- Purchase of solar power at or near current grid rates.
- Reliable power at predictable pricing.
- Fixed price long-term contracts – hedge part of your electricity costs.

Our unique modelling techniques ensure a perfect match of power consumption profiles with an on-site solar power system. Our business is to power businesses in a cost and environmentally effective way.

## 2 Australian Energy Regulator Responses

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

Sunlease Management Pty Ltd  
Sunlease Pty Ltd

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

Sunlease

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

Sunlease Management Pty Ltd (ACN: 602 471 867)  
Sunlease Pty Ltd (ACN: 152 570 995)

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

Unit 14/39 Herbert St  
St Leonards NSW 2065

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

David Naismith  
Director

Email: [dnaismith@solgen.com.au](mailto:dnaismith@solgen.com.au)

Phone: 02 8424 3800

- 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.**

Sunlease is seeking an individual exemption on the basis that it's model for delivery of solar electricity to customers falls outside Retailer Energy Legislation on the following basis:

1. Sunlease will not be the Primary electricity supplier to its customers. The customer must retain an electricity account with an authorised retailer under the National Energy Retail Law.
2. Sunlease will only be providing ancillary electricity to customers. The customers will remain under contract with an authorised electricity retailer.
3. Sunlease will be operating to supply electricity to the customer directly from the solar power system with no actual requirement for external electrical network interaction except for the purpose of Australian Standards and network service provider requirements.

**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 – Sunlease seeks individual exemption for all States and Territories across Australia.

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

Sunlease offers commercial scale solar electric systems under Power Purchase Agreements with:

- No upfront capital required
- Fixed or variable long-term kWh electricity price
- Ongoing maintenance
- Performance guarantees

**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.**

Sunlease is seeking individual exemption for the sale of electricity produced from the on-site solar power system to supplement the customer's electricity supply from the grid. The client will remain connected to the grid through their existing authorised electricity retailers.

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

Sunlease has not established, nor plan to establish energy supply in an area where there are no other viable energy supply arrangements available. Sunlease only plans to sell supplementary power to clients who remain connected to the grid through their existing authorised electricity retailers.

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

Immediately, subject to approval of this exemption request.

**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. A multi-site exemption is sort for all Australian States and Territories.

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

Sunlease does not have direct experience in selling energy. As part of the Solgen Energy Group, Sunlease has undertaken significant work across all facets of design, engineering, construction, procurement and ongoing operations and maintenance of commercial-scale solar power systems across Australia. The Group's significant investment in independently accredited quality systems will assist in the establishment PPA's for solar power systems within the Group.

In addition, Sunlease's directors have had previous experience in setting up the business model that will operate similarly to a number of existing US based PPA businesses. The Group's existing system monitoring infrastructure will seamlessly integrate into its billing platform for the purposes of selling the energy produced from an on-site solar power system to the customer.

**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.**

No – Sunlease does not currently hold, or have previously held or been subject to, an energy selling exemption or a retail licence in any state or territory.

**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).**

In the event that the solar system installed by Sunlease can no longer supply electricity to the customer, the customer will be supplied by the authorised electricity retailer as per requirement under the National Energy Retail Law.

**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:

- 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 – our customers will not be our tenants.

- 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.**

Sunlease's only commercial relationship to persons on the site will be through the sale of supplementary energy through the PPA. This will involve a limited scope of services including the installation and operation and maintenance of its solar systems and the sale of energy therefrom.

- 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 applicable – Sunlease is seeking individual exemption across multiple sites.

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

No.

- 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 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)?**

See confidential Appendix A.

- 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).**

No, Sunlease's installation will occur on the customer's property, and the customer will remain the owner of the property after the installation.

- 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.**

Yes, each site will be separately metered for electricity supplied by the network / grid and our solar systems.

- 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)?**

Sunlease will utilise remotely read revenue-grade interval meters for the purpose of measuring the supplementary electricity produced by the solar power system for the customer.

The meter will not have any effect on customer's ability to change electricity retailers and Sunlease will not inhibit any change.

- 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?**

The meters will comply with all relevant Australian standards and accuracy standards including Australian Standards AS3000 'Wiring rules', AS3100 'General requirements for electrical equipment' and AS3820 'Essential safety requirements for low voltage electrical equipment'.

The accuracy of the meters will be of Class 1 accuracy standard or above.

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

Sunlease will constantly monitor the meters compliant with the relevant standards for recording electricity remotely through dedicated internet transmission. Periodically, remote meter readings will be verified against relevant site data from the installed inverters.

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

Not applicable – all customers will be separately metered.

**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 in accordance with their PPA contract on a monthly basis. Customers will receive their bill via email and where nominated, by post.

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

Sunlease operates a dispute resolution procedure in accordance with the agreed PPA with the customer. The dispute resolution process follows industry "best-practice" and is in accordance with Sunlease's accredited Quality Management System ("QMS").

The Solgen Group operates a customer support group which will generally be the first contact with respect to any complaint. Once a complaint is registered in our QMS, it cannot be closed until there is appropriate resolution. Where customer may raise a complaint directly with us, the complaint is registered in the QMS which then requires that it is addressed within a designated time depending on the nature of the complaint. If a customer does not find our resolution of the matter to be satisfactory, we will meet with such customer within 10 Business Days of being notified by the customer that they are not satisfied. If the complaint remains unresolved after consultation, the customer will be free to refer the complaint to the relevant fair trading office or ombudsman in its respective State or Territory or pursue the matter in the civil courts.

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

Not Applicable - Sunlease will not be offering its customer any rebates or concessions. Any financial incentives or rebates such as STC's and LGC's that are derived from our solar systems will be retained by us as the systems will continue to be our property unless otherwise agreed with the customer.

**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?**

Whilst Sunlease do not intend to make additional energy efficiency options available, we may introduce them in the future.

**17 In addition to your capacity and energy sales projections for 1-5 years, could you please indicate how many customers you intend to acquire and how big you expect the individual installations to be?**

See confidential Appendix A.



**18 Confirm whether you will only be supplying business and not residential customers**

Sunlease proposes to supply business customers and does not currently intend to supply residential customers under its PPA model.

**19 Outline which activities under the contract Sunlease will be performing itself, and which will be outsourced to third parties, for example, financing, design, construction, maintenance, billing etc.**

Generally Sunlease will be performing financing and contract administration functions. Billing services will be provided by a reputable third-party service provider.

Services for procurement, design, construction and maintenance will generally be carried out by its associated company Solgen Energy.

**20 Provide more information about Sunlease and its parent company – for example which countries to they operate in and for how long have they been in operation, and what are their activities/functions?**

Under the present corporate ownership structure, Sunlease does not have a parent company. Sunlease's associated company, Solgen Energy has been operating for 7 years in engineering, procurement and construction of commercial-scale solar power systems across Australia. Solgen Energy has carried out projects across all levels of Government and businesses including large construction and property groups Australia-wide.

In addition, Sunlease's further associated Company – Sol Distribution is one of Australia's largest importers and distributors of solar PV components in Australia. Sol Distribution is a key supplier to Solgen Energy together with other solar businesses and installers across Australia, the New Zealand and the South-Pacific islands.

**21 How long with the SPPA contracts be for?**

Sunlease will offer PPA contracts for up to 20 years. The term is negotiable at the time of entering the agreement.

**22 Are you offering battery storage or will the energy be produced by other generation forms?**

Sunlease is currently considering options for battery storage within its offering, however this is not envisaged to form part of the core offering. There are no other intended forms of generation other than from the solar power system covered under the PPA.

- 23 Confirm that Sunlease will be selling the energy for the SPPA contracts such that in the event of customer inability to pay, Sunlease bears the financial loss**

Confirmed.

- 24 Are customers required to purchase all the energy from the system or just the energy they use?**

Generally the customer will contract with Sunlease under the PPA to purchase all of the energy produced from the solar power system. The solar power system size is determined in conjunction with the customer based on a detailed analysis of the current and projected load requirements.

- 25 Will excess energy be exported to the grid and will it earn a feed-in tariff for the customer or Sunlease? Please clarify.**

It is possible that supplementary energy provided to the customer under the PPA will be exported to the grid. The customer will be responsible for negotiating any feed-in tariff with their retailer. Sunlease will be available to assist the customer in this process if requested.

- 26 What happens to the system at the end of the contract – who owns it?**

Generally, ownership is transferred to the customer at the end of the contract for a nominal sum. Alternatively, the customer may elect to have the panels removed or enter into a new PPA at a new tariff.

- 27 Is the customer able to exit at any time and at what cost? Are the costs indicated in an upfront schedule of depreciating buyout prices for example?**

Yes, the customer can exit the agreement at any time and the buyout prices across the contract timeline are included in the PPA contract. The buyout cost is based on a bi-annual rate of depreciating buyout values.

- 28 How will the charges for energy be calculated? Will they be variable or fixed over the period of the contract?**

The charges for energy will generally be calculated as the total energy available for use from the PV system multiplied by the agreed per kWh rate. The customer can elect to have the per kWh rate fixed over the term, or a variable rate with an agreed per kWh price escalation or variation method.

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**APPENDIX A: ESTIMATED AGGREGATE ANNUAL AMOUNT OF ENERGY SALES**

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