Application for Retail Individual Exemption by

**Energize Energy Pty Ltd**

July 2016

1 Introduction

UnitingCare Australia is the national body for the UnitingCare Network, one of the largest providers of community services in Australia. With over 1,600 sites, the network employs 39,000 staff and is supported by the work of over 28,000 volunteers. We provide services to children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

UnitingCare Australia works with and on behalf of the UnitingCare Network to advocate for policies and programs that will improve people’s quality of life. UnitingCare Australia is committed to speaking with and on behalf of those who are the most vulnerable and disadvantaged, for the common good.

UnitingCare Australia’s principal interest in energy regulation and services arises because energy is an essential service with rising costs that are putting inordinate financial pressure on large numbers of households in Australia.

2. Summary Position

UnitingCare Australia has considered the application for individual exemption from authorisation as an electricity retailer by Energize Energy Pty Ltd, and is not convinced that this group should be regarded as an exempt seller of electricity in Australia. The sale of electricity to end customers is central to the business conducted by Energize Energy. We therefore conclude that Energize Energy is an energy retailer, and so should meet the licensing criteria required of any energy retailer in Australia

3. Application for Exemption

We commence our consideration of the application for retail individual exemption by Energize Energy with the observation that this is an important company and their business model is significant in the maturing and further development of Australian energy markets. We wish them well.

It is our understanding that exemption from authorisation as an energy retailer by the Australian Energy Regulator, can only occur where the Regulator is satisfied that the provision of energy by an applicant is insignificant by comparison to the major activity of that business. So from the UnitingCare network of agencies experience, an aged care facility is exempt from being an energy retailer because the supply of energy to residents is incidental to the major function of an aged care facility.

The raison d'être for Energize Energy, to our understanding, is the supply of electricity to end users.

Energize Energy confirms this role during their application for retail exemption, for example:

*“Energize Energy intends to supply electricity to a full range of consumers, namely industrial and commercial uses, and small business and residential users defined as “large customers” and “small customers” respectively by the National Energy Retail Law (NERL),”* page 5, as part of response to “reasons that an individual exemption is appropriate.”

*“It is proposed that the primary business activity of Energize Energy is the production and deployment of electricity at on-site locations where the electricity produced on site is sold to the host customer.”* Page 6, as part of response to “primary activity of the business.”

*“Energize Energy will produce and sell electricity,”* Page 7 as part of response to “form of energy sold.”

It is apparent to us that the terms “supply,” “deployment” and “sell” all mean that Energize Energy will sell energy direct to customers, this means that they are an energy retailer. As an energy retailer, they should be subject to the same conditions that apply to other energy retailers, and consequently are not eligible for retailer authorisation exemption.

We understand that the mode of delivery of electricity is different than traditional energy retailers, in particular by generation of electricity on-site for host customers. However this does not change the reality that Energize Energy is a business with main intent of supplying energy to end consumers.

4. Other Matters

Dispute resolution procedures

The approach to dispute resolution proposed by Energize Energy is noted and understood. We have no doubt that the company will utilise best endeavours to resolve any dispute that may emerge with a customer. However, their approach does not appear to include independent dispute resolution which is a crucial aspect of the approach for any provider of an essential service, and required of any approved energy retailer, Energize Energy, to our mind, should be part of an Energy Ombudsman Scheme so that their customers have access to independent dispute resolution.

Hardship policy

Hardship provisions are apparently covered in a confidential submission which is clearly not available to consumer interest groups like ours, so we are unable to comment on the appropriateness of the proposed hardship policy. We regard this as important however, since there is a possibility that at risk consumers could lose supply of electricity as part of their signing up with Energize Energy - we simply don’t know.

Early termination of PPA / PPA termination ownership

We do not consider that enough information has been provided in the application to determine the potential risk to supply of a customer being terminated from their PPA, for whatever reason, though we expect that customer hardship is likely to be a factor. Additional information is needed about how termination of PPA’s would occur and the extent of consumer protection that would be afforded to termination customers.