

Urth Solar Pty Ltd

ACN 609 135 480

Application for Retail Individual Exemption

Part A – Public Submission

Submitted to Australian Energy Regulator on 18 January 2016



The submission by Urth Solar Pty Ltd to the Australian Energy Regulator for Retail Individual Exemption consists of two separate sections namely:

Part A: Public Submission

Part B: Confidential Section Submission

Table of Contents

Part A

- 1. An introduction to Urth Solar Pty Ltd. 4**
- 1. Legal name of Applicant 5**
- 2. Trading name if different to your legal name 5**
- 3. Australian Company Number (ACN) 5**
- 4. Registered postal address for correspondence..... 5**
- 5. Nominated contact person..... 5**
- 6. Reasons for seeking an individual exemption 5**
- 7. The address of the site at which you intend to sell energy 6**
- 8. The primary activity of the business 6**
- 9. The form of energy for which you are seeking the individual exemption... 7**
- 10. Are you establishing, or have you established, energy supply in an area where there are no other viable energy supply arrangements available..... 7**
- 11. Commencement date 7**
- 12. Mailing addresses for premises at the site (where applicable) 7**
- 13. Previous experience in Retailing Energy 7**
- 14. Details of any previously held energy retail licence..... 8**
- 15. Arrangement for non-supply from Urth Solar..... 8**
- 16. Particulars relating to the nature and scope of the proposed operations ... 8**
- 17. Other Contractual Information..... 13**
- 18. Additional Information relating to Solar PV PPA arrangements 15**
- 19 Summary of Urth Solar Pty Ltd Submission 17**

Part A Public Submission

1. An introduction to Urth Solar Pty Ltd.

Urth Solar Pty Ltd (Urth Solar) is an Australian registered company comprising of a management team that are energy industry professionals with experience and expertise suitable to manage an electrical retailer business offering on-site supplied electricity to consumers. As such, the team at Urth Solar are capable of meeting the commercial business aims of the company by providing an extensive range of energy related products and services to its customers that is relatively unique in the present marketplace today.

Urth Solar seeks to support electricity consumers (as its customers) with a “one-stop shop” suite of solutions to the various needs of the customers, whether this requirement be in the form of power generation to support the normal supply from existing market authorised retailers, or to help with demand-side management in its many forms, or to supply and manage various energy efficiency programs to enable customers to be more efficient in their energy demands and consumption profiles.

To assist in achieving these objectives, the Urth Solar business model includes the supply of electricity by means of on-site generation facilities in a variety of forms. By implementing such a strategy, Urth Solar enables their customers to supplement their existing grid supplied power with on-site generation and other demand-side arrangements that enable the occupier to more effectively and efficiently utilise normal grid supply from an authorised retailer.

Where a renewable energy fuel source (solar or wind) is utilised for the on-site generation, the electricity supply would be available to the premises when generation output is possible. Many of the flexible techniques available for demand-side management are not available with these potentially variable fuel sources.

To support renewable generation at a particular site, the electricity could be supplied by other types of fuel, typically natural gas biogas or bio-diesel. Electricity supplied by all of these sources would be covered by an electricity supply agreement known as a “Power Purchase Agreement” (PPA).

As the name of the company implies, Urth Solar will predominately focus on supporting its customer needs by deployment of renewable energy solutions in the form of solar PV systems.

Under the conditions of an individual retailer exemption, Urth Solar will limit supply activities to host sites or locations and will not retail electricity into the electricity marketplace as is normal practice of authorised market retailers. The solutions utilised by Urth Solar will be on the customer or load side of any incoming network (or grid) supply connection point.

The following information is provided to support the application for an individual exemption for retailing electricity to customers and follows the template provided by AER.

Please provide the following information in your application for the grant of an individual exemption:

1. Legal name of Applicant

Urth Solar Pty Ltd

2. Trading name if different to your legal name

N/A

3. Australian Company Number (ACN)

ACN 609 135 480

4. Registered postal address for correspondence

Registered Address: 17 Bishopsgate Street, Wickham NSW 2293

Postal Address: as above

5. Nominated contact person

Contact Person: Craig Nalder, General Manager

Office Contact: 1300 69 8784

Mobile Contact: 0428936710

Email: craig.nalder@urthsolar.com.au

6. Reasons for seeking an individual exemption

Urth Solar is seeking an individual exemption as the proposed business operations outlined in the preamble does not fall into the traditional “market” retailer authorisation or retailer exemption categories.

In the context of this submission, Urth Solar is proposing to supply electricity to both “large” commercial and industrial customers and “small” residential and small business (as classified by the National Energy Retail Law) in ways only available to on-site generation of electricity to support the customer load demands. Urth Solar will favour supply from renewable sources these being predominately on-site solar PV installations and storage technology advances will consider coupling the solar PV output with on-site electricity storage systems.

At all times where and when available, the customers’ primary electricity supply arrangements will be retained by an authorised market retailer of the customer’s choosing.

Furthermore, Urth Solar believes it qualifies for individual retailer exemption because: Urth Solar is not taking over, influencing, affecting or interfering with the customer's choice of retailer, and are not creating a network.

Urth Solar is not operating as an electricity retailer for the customer's primary supply requirements.

Unless normal network supply is not available, Urth Solar and its customers know that the on-site generation system only provides part of their overall energy supply needs.

Urth Solar is not guaranteeing electricity supply and any PPA contract between the consumer and Urth Solar is in addition to a normal supply arrangement that the consumer would have with an authorised market retailer. As such, a loss of supply from Urth Solar does not remove the customer's access to network supplied electricity.

Urth Solar intends to supply electricity to a full range of consumers, namely industrial/ commercial users, small business and residential users defined as "large customers" and "small customers" respectively by the National Energy Retail Law (NERL).

Urth Solar will be supplying only a very small fraction of the total national electricity market demand.

Many of the requirements of the NERL in respect of authorised retailers would not apply to the PPA supply model e.g. Retailer of Last Resort, customer transfers and interactions with DNSP entities.

Many of the social policies relating to customer support and protection would not be suitable as the PPA supply is a supplement only and is not the sole means of supply of an essential service. Therefore, a requirement for full compliance with the requirements of the NERL is excessive and not justified.

On the basis of the information provided in this submission, Urth Solar proposes that an individual exemption is more appropriate than a market retailer authorisation with respect to the proposed Urth Solar business operations.

7. The address of the site at which you intend to sell energy

Urth Solar intend to offer electricity to consumers within New South Wales, ACT, Queensland, Tasmania and South Australia, and any other state or territory under future AER jurisdiction.

8. The primary activity of the business

It is proposed that the primary business activity of Urth Solar is the production of electricity for on-site locations where the electricity produced on site is sold to the host customer. On-site generation would usually be produced by a solar PV system

Where the on-site generation is greater than the on-site electricity production at any time the excess will generally be treated as remaining the property of Urth Solar. However this arrangement may change dependent on the size of the installed system and the wishes of the customer. In such circumstances, the net generation fed back into the grid would be the property of the customer who

would be able to negotiate a feed in tariff with their retailer. See Part B (Confidential Section) for further details relating to this issue.

9. The form of energy for which you are seeking the individual exemption

Urth Solar is seeking individual exemption for electricity produced on-site i.e. on the load side of the customer's normal supply meter. This electricity is then sold to the customer via the terms and conditions contained in a PPA. The parties to the PPA are the customer consuming the electricity and the supplier, Urth Solar. The customer will always maintain the existing metered connection with the Distribution Network Service Provider (DNSP) and so continue to have the ability to purchase electricity through their existing authorised market retailer

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

As noted earlier, all Urth Solar customers will be network connected.

11. Commencement date

Urth Solar will commence marketing its products and services as soon as possible following the issue of an individual retailer exemption licence.

12. Mailing addresses for premises at the site (where applicable)

Not applicable. Our business activities as described in this application applies to multiple sites across various state jurisdictions so we are not in a position to provide such details at this time.

13. Previous experience in Retailing Energy

The Director and senior management team of Urth Solar have a range of experience in various facets of the electricity industry and its market operations. Please refer to Part B (**Confidential section**) of our submission for such details.

a) Utilisation of Urth Solar Resources

The business model that Urth Solar intends to implement provides for an appropriate level of resource allocation to successfully establish the business and will be dependent on the uptake of our offers. These resources will be focused on business development and marketing of our product range.

Our management team will project manage the whole range of the processes involved in customer interface and electricity production. These activities are typically associated with suitable site selection,

customer negotiations, generation equipment installation and ongoing management, metering and billing systems and other customer service management requirements.

Dedicated meter installations for the generation systems will be contracted to accredited metering installation and data providers and the meter reading will be predominately carried out remotely by the out-sourced personnel.

Depending on the type and scale of the generation equipment installed across our customer sites, Urth Solar will either own outright or enter into long term leasing arrangements with suitable equipment suppliers. The customer will not be required to have a financial interest in any generation system installation, however if the customer seeks to have such an interest, Urth Solar would treat this on a case by case basis and any such arrangement would be a provision inserted in the individual PPA for each customer.

At all times we would aim to be as flexible as possible in satisfying the electricity supply needs of our customers.

b) Intended Scale of Activities

The proposed growth in our business activities is outlined in Part B (**Confidential Section**).

14. Details of any previously held energy retail licence

Urth Solar Pty Ltd has not held any retail authorisation or exemption in any state or territory in Australia.

15. Arrangement for non-supply from Urth Solar

Urth Solar does not replace the role of the customer's authorised market retailer. If for some reason it is no longer able to supply electricity under the terms and conditions of the PPA, then the customer will be able to source all of their electricity needs from their market retailer as they will remain connected to the network and have an on-going relationship with such a market retailer.

16. 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 and answers supplied:

16.1 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?

In most cases our customers will also be the property owner. In cases where our customers are

tenants, they will generally be commercial tenants. Urth Solar will only proceed with a tenant when the terms of the individual PPA are permitted within the property lease agreement structure and any other legislation governing the building, including landlord approval. Urth Solar will not be selling electricity to tenants whose primary electricity supply is sourced through 'on-sold' electricity from an entity with retail exemption (i.e. to tenants within a residential park or retirement village).

16.2 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.

During the term of the PPA, Urth Solar will ensure that the installed generating system remains functional through remote monitoring and routine maintenance servicing. A range of other services would be available to customers and these would include efficiency upgrades and a range of consultation services regarding potential options available for implementation of demand side management techniques. These services would be delivered on a fee for service basis and would not be conditional on any supply arrangements provided by Urth Solar. Urth Solar will not be providing any form of property management.

16.3 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).

This is not applicable as Urth Solar plans to work across all commercial and industrial, business and residential sites as defined by the applicable jurisdiction. Please refer to Part B (**Confidential section**) for details of likely customer number breakdown.

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

No, Urth Solar only sell electricity generated from its assets that we manage and as defined within the individual PPA with each customer.

16.5 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.

This is not applicable with our PPA arrangement as Urth Solar will not be on-selling electricity purchased from an authorised market retailer.

16.6 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)?

If Urth Solar reaches its business target by the end of the initial 3year term, it would sell approximately 4623MWh pa of electricity via a PPA structure to customers. Please refer to Part B (**Confidential Section**) for further details.

16.7 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).

The customers of Urth Solar will either own or lease each individual connection site or be occupying the premises under a body corporate arrangement.

16.8 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.

Each customer site must have its own network connected meter. In the case of a renewable generation system such as solar PV generation, metering will be installed to record generation into the customer load as provided by our individual PPA agreement with each of our customers.

16.9 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)?

The installed generation system of each site will be individually metered recording the on-site generation output as well as a network connected meter that will record net generation back into the network.

The network meter will comply with requirements of the National Electricity Rules, Chapter 7 (NER) and the requirements of the DNSP. Typically, for small scale commercial premises a Type 4 interval meter would be installed, and a lower accuracy type for residential premises, again as provided by requirements of the NER and the DNSP.

For the on-site generation meter, Urth Solar will arrange for remotely read meters to be installed that reads the output of the installed system to support the on-site customer load demand. As provided by the individual PPA agreed with the customer, the on-site electricity meters could be periodically read manually as well to provide sense checks and back up readings.

Our ongoing relationship with our customer is independent of their market (or primary) retailer maintaining supply to the site, meaning the customer is free to change over their authorised market retailer.

16.10 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 meter accuracy will comply with the National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013. The meters that Urth Solar intends to use will

conform to Australian Standard AS62053.21 and will be a type as required by the NER and any State-based regulatory requirements and/or the applicable DNSP.

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

The output of each on-site generation system supplying electricity from Urth Solar to the customer load will be billed monthly for business customers or quarterly for residential customers or other arrangements as defined in the individual PPA. Urth Solar will project manage appointed meter reading entities to undertake the online meter reading and this information will be supplied to Urth Solar for periodic billing purposes. As provided by the individual PPA, physical meter inspections will also be conducted annually by Urth Solar or an accredited meter and data reader arranged by Urth Solar, in conjunction with a representative from the customer, in order to corroborate the ongoing meter readings. Meter readings will always occur prior to an invoice being presented to our customer, unless the PPA contract allows estimated readings.

16.12 How will you determine energy charges if customers are not separately metered?

Customers will be separately metered and charged for their electricity supplied by Urth Solar.

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

Invoices will be issued monthly or quarterly (as applicable) unless specifically agreed differently in the individual PPA. Initially Urth Solar may perform the preparation and issue of the customer invoice and this will generally be sent via email (or otherwise as agreed) to the customer. The billing preparation and issuing function will be out-sourced to an appropriately accredited contractor at a later time as customer numbers grow over time.

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

The PPA outlines the process for a customer to raise a dispute with Urth Solar. This is outlined as follows:

When our customer raises a complaint with Urth Solar, it will respond to the dispute in writing within a timeframe no longer than 5 business days, detailing the reasons for its decision in relation to the dispute. If the customer requests, a meeting with an executive of Urth Solar will be arranged within 10 business days with the aim of resolving the dispute at that time.

If customers are still not satisfied with the outcome of the dispute, then they may refer the complaint to the state based office of fair trading, energy ombudsman and/or another appropriate state-based statutory authority.

Urth Solar policy is to be pro-active in quickly and fairly dealing with our customer complaints and our 1300 phone line will be available 5 days per week to receive such an enquiry. Urth Solar will respond to customer queries by telephone, email and/or in person.

Urth Solar has prepared a Financial Assistance Policy that will form part of the individual PPA and offers customers the opportunity to continue with the payment arrangements of the individual PPA and so maintain the customer's access to the supply agreement with Urth Solar. Further details are found in Part B (**Confidential Section**).

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

Urth Solar intends to sell energy only from its on-site generating systems to its customers. Any other rights or benefits derived from the production or sale of electricity (typically environmental certificates or credits) remains the property of Urth Solar unless negotiated differently with the customer. The individual PPA with our customer will reflect such arrangements.

16.16 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?

Yes, Urth Solar's business plan is to be a "one-stop shop" for all customer energy related needs. Urth Solar has the capability in-house to provide a range of services supporting energy efficiency and demand side management and may build alliances with companies that specialise in such products and services to support our value-adding capability.

The PPA between Urth Solar and the customer will only cover the supply of electricity to support the customer's site consumption needs and all capacity generated by the on-site system will be (gross) metered. Dependent on agreed terms of the individual PPA, the on-site generation may provide the customer the opportunity to sell excess or net electricity on the site back to the grid via an agreement with their authorized retailer.

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

Urth Solar Pty Ltd business aims are squarely targeted to enable electricity consumers reduce their consumption and so reduce their costs of this essential service.

The outcome of this approach is for our customers to take more control of their electricity "spend" and encourages them to implement demand-side management techniques to benefit both the consumer and network supply demands.

Urth Solar is well placed to provide exceptional service and creative products to customers as the key executive and management roles in the business are filled by experienced personal with wide-ranging industry experience and well qualified to deliver the company mission.

Urth Solar aims to develop a range of innovative products that support the PPA product and helps to differentiate us by utilising leading edge technology for both residential and business customers.

17. Other Contractual Information

a) Connection and on-going operation of a solar PV system:

The connection of this system and on-going operation and maintenance is the sole responsibility of Urth Solar and would be provided by agents/contractors of Urth Solar within a regime of key performance indicators that would monitor their performance and hence service to Urth Solar's customers. The customer does not incur any costs associated with these activities unless specific provisions are made in the PPA and agreed with the customer.

b) Electricity Fee structure:

Under the terms of the PPA, the customer will be required to pay for the electricity generated by the installed system (at a fixed rate i.e. c/kWh) as well as any additional fixed fee payable to Urth Solar as/if required by the terms of the individual PPA. Dependent on a range of commercial factors, Urth Solar may be able to offer incentives or benefits to its customers, and these details are outlined in Part B of this submission.

For non-renewable generation systems, the fee structure will be based on electricity generated at an agreed rate payable to the customer, and other financial considerations that would be tailored to suit individual customers and defined in the individual PPA.

If any on-site system fails to generate electricity due to faulty equipment or other circumstances defined in the PPA, Urth Solar will not charge the customer any fees or other costs unless it is the result of their actions. The rate charged for the electricity (and fixed fee structure where applicable) is based on a range of factors such as competitive electricity rates from authorised electricity retailers, general return on capital investment, ongoing risk factors over the term of the PPA, installation costs, operation and maintenance costs.

c) Contract Termination:

It is envisaged that PPA terms would be up-to 20 years in duration for business customers but shorter (up-to 12 years) for residential customers. This term would be negotiated with the customer to suit individual needs and form one element of their PPA. Specifically, in regards to residential customers, Urth Solar would generally aim to reduce the term of the PPA below 10 years duration.

- i. In the case of electricity supplied from solar PV or other renewable systems:

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

The schedule of buyout rates is listed upfront in the agreement 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 Urth Solar

cannot provide a standard list of buyout prices as they may be different for each customer.

At the end of the contract, the customer takes over full ownership rights.

ii. In the case of non-renewable systems:

At the completion of the PPA term, the generating system and connection hardware will remain the property of Urth Solar and be removed or a contract extension as agreed with the customer. It is not envisaged that the customer would want to purchase this type of asset but Urth Solar would be willing to contemplate such requests.

d) Customer Financial Difficulties:

If a customer experiences financial difficulties and is not in a position to pay any amounts that are outstanding, then Urth Solar will try to establish a payment plan with the customer. If this fails, Urth Solar will retain the right to discontinue delivery of electricity supply as provided by the terms of the PPA, and eventually the right to remove the generation system from the premises.

Whilst Urth Solar is respectful of any of its customers experiencing financial hardship, it is generally viewed by Urth Solar that its customers enter into a PPA arrangement on a voluntary basis and not as part of an essential service provided by authorised electricity retailers. Therefore, the financial commitment by each customer is generally the result of an individual assessment to gain a more efficient and/or cost effective electricity supply system to their premises and as hence is “discretionary” expenditure incurred by the customer.

Under normal circumstances, at no point in time will the customer be without the opportunity for access to electricity from the grid via the authorised market retailer. These arrangements will be detailed in the Financial Assistance Policy contained in Part B (**Confidential Section**).

e) Urth Solar Financial Difficulties:

Should Urth Solar fall into financial difficulties, it is envisaged the installations and PPA contract will remain in place with little change for the end user. The ongoing revenue stream from the solar installations will represent an attractive income stream for any administrator and could be sold off to other investors.

The value of second hand solar power system equipment is generally much lower than new equipment and the cost to remove systems may outweigh the value of the equipment, negating the likelihood of the solar panels being removed from the customer’s premises. If these circumstances arose, then each case would be considered on its merits in determining a final outcome.

For non-renewable generating systems where the costs and difficulties of removal are not the same then it is likely that debtors would have little difficulty selling the assets to cover the costs of removing the system from the customer’s premises.

It is noted however that Urth Solar is wholly owned by Urth Energy Pty Ltd and that company has offered a guarantee for the financial performance of Urth Solar.

f) Marketing Strategy:

An outline of the approved marketing strategy that is planned to be implemented in the first few years of business operations is to be found in Part B (**Confidential Section**).

g) Financial Statement:

Urth Solar is a start-up business that is presently unable to provide a financial statement, it is however guaranteed by Urth Energy Pty Ltd. Note that Urth Solar has no current debt, but may consider debt financing for future projects.

h) Financial Assistance Policy:

For Urth Solar customers, a Financial Assistance Policy will be applied as detailed in Part B (**Confidential Section**).

18. Additional Information relating to Solar PV PPA arrangements

In addition, applicants selling electricity using the SPPA structure are requested to address the following specific questions.

Please note that most of the requested information is in the body of this document either in Part A (**Public Submission**) or Part B (**Confidential Section**), but is summarised below in response to each question.

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

Urth Solar is a start-up company established to offer a range of electricity supply options consistent with the structure of a SPPA agreement. Its shareholder is Urth Energy Pty Ltd which is an established authorised market electricity retailer operating in the NEM across all states and territories except Victoria. The executive director and management of Urth Solar are experienced in the electricity industry and their CVs are presented in Part B of our submission. Our business strategy is to out-source some business operational processes as described in this application, and those service providers will be selected only after having attained a demonstrated track record of high achievement in the electricity industry. Some limited support could be available from the parent company (Urth Energy) but is intended that Urth Solar be operated independently of other entities in the Urth group.

2. What is your strategic direction and objectives? Please describe the business model in some detail noting jurisdictions where operating, including customer number forecasts for first 3 years.

Urth Solar wishes to establish a business that would establish a “one stop shop” concept for large and small consumers (including residential consumers) of electricity by offering a broad range of products and services that are aimed to reduce consumption costs of electricity as well as providing the opportunity for alternative forms of energy supply to be used by the customer. This strategy is further discussed in Part B of this submission.

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

Generally, Urth Solar's pricing structure for electricity supply is as follows:

For renewable energy systems (typically solar PV generation), an up-front fee structure is generally payable plus a fixed rate for electricity generated and supplied to the customer over the term of the individual SPPA. Urth Solar is always prepared to offer flexibility to consumers, so a nil up-front fee structure may be offered from time to time;

For non-renewable energy, the pricing structure would be individually tailored to suit each customer business operations and would most likely entail substantial operational flexibility.

4. 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?

Urth Solar is part of the Urth Energy group of companies. Urth Energy is an authorized retailer that supplies electricity and related services to customers across all states and territories that are covered by AER jurisdiction. Urth Solar will undertake all management functions for services delivered to its customers, but as previously noted, some limited support from time to time could be available from the parent company but is intended that Urth Solar be operated independently of other entities within the group. No business functions will be transferred to other related companies.

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

Urth Solar customers will be both "large consumers" and "small customers" (as classified by the National Energy Retail Law). Generally, the maximum size of our renewable energy system offer would be 10kW capacity for residential customers and 100kW for business customers. For any non-renewable energy systems provided by us, up-to 500kW capacity at each customer site would generally be the maximum size of generation capacity.

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

Urth Solar proposes to structure each SPPA over a fixed term of up-to 20 years duration but build into the arrangement some flexibility that would allow early buyout by the customer. This answer will be further addressed in Part B **(Confidential Section)**.

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

Early termination by the customer is possible within the terms and conditions of each individual SPPA and the buyout costs would also be identified in the individual SPPA.

8. What happens when the contract ends? Who owns the system?

For renewable energy type installations (typically Solar PV generation) the customer would take over full ownership writes if all the conditions of the SPPA are met. For non-renewable energy installations, Urth Solar would either renegotiate a new SPPA term or remove the installation.

9. Can the SPPA be transferred to the new owner if a residential customer sells and moves house?

Details of such circumstances will be included in each individual agreement, but generally the system can be transferred to the new owner or the old owner can take the system with them or they can initiate a buyout of the system.

10. Who will have ownership of any green certificates or rebates and how is the feed-in tariff of any net generation treated?

Urth Solar will have all rights to any green certificates/rebates and dependent on the terms of the SPPA, any net generation fed into the network would be owned by either Urth Solar or the customer. If not owned by Urth Solar, net feed-in would be subject to agreement between the authorised market retailer and the owner of the site.

11. Will customers be required to purchase all generation from the solar PV system, or only amount consumed?

Under the terms of the SPPA, the customer will be required to pay for all the electricity generated by the installed system (at a fixed rate i.e. c/kWh) as well as an additional fixed fee payable to Urth Solar over the term of the SPPA. Dependent on a range of business risk factors, Urth Solar may be able to offer incentives to customers to further reduce their costs of their electricity "spend".

For non-renewable generation installations, the fee structure will generally depend on electricity generated at an agreed rate and other fees payable that would be tailored to suit individual customers and defined in the individual SPPA.

19 Summary of Urth Solar Pty Ltd Submission

It is proposed that an individual retail exemption is more appropriate than a normal retailer authorisation with respect to Urth Solar's business operations for the following reasons:

- i. It is suggested that the product range that Urth Solar intend to offer electricity consumers are most suitable to a 'power purchase' model with its associated Power Purchase Agreement. This supply arrangement is a relatively new and novel way of retailing energy in the Australian energy market. It is suggested that it does not fit with the National Energy Retail Legislation for authorised retailers or for the categories of retailer exemption. The granting of an individual exemption to Urth Solar with appropriate conditions will enable the power purchase model to be fully developed to the benefit of consumers who wish to have more control over their present electricity costs and associated charges that have seen unprecedented increases over recent years.
- ii. For supply to each of the customer sites, the existing electricity supply arrangements will continue and as such customers of Urth Solar will continue to obtain the majority of the

electricity from an authorised market based retailer with all the protections offered under those contractual arrangements. Note that under the power purchase model, customers are required to have an electricity supply agreement in place with an authorised market retailer.