



**WINenergy Pty Ltd trading as WINauspower®
Application for Retailer Authorisation - Electricity**



PART 1 – APPLICANT PARTICULARS

1. Details

Legal name: WINenergy Pty Ltd
Trading as: WINauspower®
ABN: 71 112 175 710
Business address: Suite 201
12 Cato Street
Hawthorn VIC 3122
Postal address: PO Box 217
Hawthorn VIC 3122
Nominated contact: Andrea Steele
Regulatory & Compliance Manager
(Deleted)
andrea.steele@winenergy.com.au
Authority sought: Electricity
Commencement date: 1 July 2013

WINauspower has largely finalised all the necessary contractual arrangements with relevant third party providers. A wholesale energy contract is expected to be finalised by the end of May / early June 2013.

Jurisdictions:

All NEM jurisdictions, with the initial focus being VIC, NSW and SA. Subject to the timing of the NECF rollout in QLD, an assessment would be undertaken to evaluate expansion into this market.

Customer class:

Initially WINauspower intends to sell directly to Large Customers as defined in the National Energy Retail Regulations ('NERR'). If during the course of operations opportunities present to sell to Small Customers as defined under the NERR, then this would be evaluated at the time of presentation.

Nature and scope of operations proposed:

WINauspower is the registered business name of WINenergy Pty Ltd ('WINenergy', 'Company'). The Company intends to market and sell electricity under the WINauspower brand. The Company's decision to use the trading name WINauspower for its retail operation is largely predicated on the business strategy to market and promote our electricity retailer capabilities as distinct from our existing embedded networks ('EN') business in which we provide management services to EN clients in connection with them selling and distributing electricity within their ENs.

The Company believes that operating under the WINauspower brand will allow for differentiation of our management service offerings to our existing EN clients as well as allow for the successful roll out and delivery of our retail business strategy to other new Large Customers.

Attachments A and B respectively show the certificate of registration for WINenergy Pty Ltd and the registration of the WINauspower brand as the registered business name for the retail business.



WINenergy commenced operations in 2005 in the EN market, providing management services to EN clients for both commercial and high rise residential clients in Victoria. In more recent times, the Company expanded its EN business into the EN market in NSW. The focus in NSW is on the commercial market, and more specifically shopping centres that present as either 'Greenfield' or 'Brownfield' opportunities.

As it pertains to an EN, the underpinning arrangement between WINenergy and our EN client falls broadly into one of our two (2) business models. These business models are internally referred to as either:

1. 'WIN Funded'; or
2. 'Customer Care'.

The business models are explained in more detail below in section 2.1. (Deleted).

Irrespective of the type of business model in place within an EN, tenancies within the EN who are buying electricity from our EN client are *exempt customers*. In the industry, these exempt customers are commonly referred to as 'orphans' of the EN.

Orphans are distinct from 'children' or 'child customers' within an EN in that, whilst orphans do have individual metering for electricity consumption, they do not have individual NMIs; in contrast, child customers have elected to buy their electricity from a licensed retailer, a NMI has been allocated to their connection point within the EN and their consumption is settled in the National Electricity Market ('NEM') accordingly. In both Victoria and NSW, orphans are afforded the same consumer protections as other customers with the exception of access to the State energy ombudsman schemes.

In providing management services to our EN clients we endeavour to ensure that our EN clients observe and comply with applicable the retail electricity codes and rules within the jurisdictions of Victoria and NSW.

In late December 2012 WINenergy became an AEMO approved market customer (commonly referred to as a 'retailer') within the NEM. Our market customer status together with our retail electricity licence in NSW confirmed WINenergy as a licensed retail supplier of electricity in NSW. Additionally, we have an application with the Victorian Essential Services Commission ('ESC') where we are seeking an electricity retail licence. Our expectation is that this licence will be granted (Deleted).

To date the Company has not sold any electricity in NSW under its retail licence. Contract discussions with an existing EN client about becoming their gate-meter retailer and the NEM financially responsible market participant ('FRMP') at one of their NSW shopping centre sites have been held, but as at the date of this application, those discussions are ongoing and the site has not been energised. (Deleted).

The Company's expansion into the retail electricity market is viewed as a logical extension of our current EN business. It is expected that, WINenergy, through WINauspower, will soft launch retail operations by becoming the gate-meter retailer and FRMP for our EN clients' sites. The initial opportunity for the soft launch will be in NSW (outlined above) and then in Victoria upon the granting of our retail licence by the ESC.

To this end, electricity retailing is an important element in WINenergy's overall company growth strategy. Initially, WINauspower is not intending to compete directly with existing retailers for mass market customers. However, as outlined above, in the event the WINenergy Board approves a strategic move to service the mass market then the Executive Team would look execute that strategy.

Entry into the retail electricity market will also allow WINenergy to offer a more complete and competitive energy solution to our existing and future base of EN clients. In particular, WINauspower will be able to offer wider management services whereby WINauspower (Deleted), seller of electricity to orphans within the EN. WINenergy is in a unique position to offer these wider services to our EN clients due to the existing and strong relationships already in place with key EN clients and with orphans in their ENs.

As WINauspower is targeting very few select customers within a well-defined market segment, the marketing strategy for customer acquisition will be highly customised and direct.



In particular, WINauspower intends to retail electricity to Large Customers in NSW, SA, ACT and, if and when NECF is adopted there, in Qld, as well as in VIC. These Large Customers include the owners of shopping centres and large commercial & industrial sites.

As a part of our broader Business Plan (Attachment H) we also intend to retail electricity to franchised chain stores, i.e., the 'SME' market. Some SMEs are orphans in ENs we currently manage and we would like to be able to deliver a complete solution by selling electricity to SMEs not only in those ENs but also in localities where there is no EN.

This phased and somewhat captive market entry strategy allows WINenergy to progressively develop the retail business, whilst continuing to facilitate the EN business without heavy investment in customer acquisition.

Another major driver behind becoming an electricity retailer is the additional flexibility (Deleted). This in turn allows WINauspower to share the resulting value with our EN clients, thereby providing additional synergistic value to our EN client relationships.

Initially, WINauspower's retail business will be very small in terms of scale to our current EN business, however as it will be a key component of managing WINenergy's relationships with key EN clients it will receive considerably more attention than that proportional to its size.

This application is supported by WINenergy's well established relationships, capabilities and competencies in the EN market. WINauspower has the benefit of being able to leverage off its existing EN business's energy markets and risk management expertise, systems and processes. Furthermore, the expertise and resources that are already established within the Company will also be used to serve the retail operational requirements in its pursuit to establish a retail position within the NEM.

PART 2 – ENTRY CRITERIA

2. Organisational and Technical Capacity

2.1 Details of previous experience as an energy retailer, or any other experience in the energy market

As noted in Part 1 above, WINenergy is a licensed electricity retail supplier in NSW and has applied for a Victorian retail licence.

As at the date of this application, WINenergy has not sold or marketed electricity in NSW as a retailer. However, use of system related arrangements are in place with the NSW LNSPs, confirming our operational readiness as an electricity retailer.

We have, through the AEMO application process, had to meet a number of significant NEM market entry requirements including the ability to manage and settle our forecast load position with AEMO via Austraclear.

Effective 1 March 2013, WINenergy became a member of the Energy and Water Ombudsman NSW ('EWON').

In its own right, WINauspower does not have experience as a retailer, however we will draw on and utilise our extensive energy markets experience gained from our EN business to support our retail activities.

Since its inception in 2005, WINenergy has specialized exclusively in the establishment and management of ENs. Our core EN business is the supply of metering and the management of data and billing in privately owned ENs. Electricity in these ENs is generally on-sold by our EN clients at a rate that is lower than a conventional supply arrangement.

Typically, we undertake this activity as an agent of our EN client which may be a property owner or an owner's corporation. We currently manage over (Deleted) EN sites and, as at the date of this application, have a further (Deleted) contracted sites in implementation. All of the ENs sites are connected to the national grid. These ENs are spread throughout NSW and Victoria with the majority of our sites located in Victoria.

As stated above, the underpinning arrangements between WINenergy and our EN clients fall broadly into one of the following two (2) business models:

1. WIN Funded

(Deleted) the EN client agreement typically provide as follows:

- WINenergy agrees to establish an EN.
- In particular, WINenergy agrees to provide and install meters and related equipment. (Deleted).
- WINenergy agrees to provide ongoing management services including: (a) on-selling electricity on behalf of the EN client in accordance with applicable laws; (b) project management in the establishment of the EN including the procurement of orphan customer agreements; (c) meter reading and meter data storage and records management; (d) orphan customer invoicing and collection and processing of payments from orphans customers; (e) providing information to orphan customers and addressing service and accounts and other queries from orphan customers through a call centre; and (f) dealing with orphan customer queries, conducting required investigations and resolving disputes with orphan customers.
- The EN client appoints WINenergy to act as the client's agent in the procurement of electricity at the gate meter.



- The EN client agrees that, at WINenergy's request, the EN client will sign an energy procurement agreement with the retailer of WINenergy's choice. If the EN client does not sign on WINenergy's request, WINenergy will enter into that agreement on the client's behalf as the client's agent.

(Deleted).

- (Deleted), WINenergy pays all electricity bills associated with the procurement of electricity.
- WINenergy agrees to produce the necessary documentation in relation to the on-sale of electricity by the EN client to orphan customers and to arrange its execution by orphans.

Typically the energy procurement agreements that WINenergy enters into with licensed retailers are conventional agreements for the sale of electricity. (Deleted).

The agreements that WINenergy enters into for the sale of electricity to orphan customers include an acknowledgement made by the orphan that WINenergy acts as agent for and as a facilitator for the on-selling of electricity to the orphan's site.

The tariff offered to orphans, which is pre-agreed with the EN client, is a discount to the local retailer's published standing offer tariffs. We also endeavour to beat the best genuine offer that an orphan customer can get from another retailer.

2. Customer Care

Typically, the contractual arrangements in Customer Care ENs are essentially the same as they are in WIN Funded ENs, the exceptions being that: (a) ownership of the meters and related equipment is transferred from WINenergy to the EN client; and (b) the energy procurement agreement that WINenergy puts in place with the licensed retailer is entered into by the EN client itself in the EN client's own name. There are various commercial differences as well, (Deleted)

Testament to our proven capability, we produce monthly electricity bills for our EN clients who, between them, have almost 15,000 EN orphans, and we manage our EN clients' collections. With WIN Funded the bills are issued in WINenergy's name but there is a statement on the bill that WINenergy is acting as the EN client's agent, with the EN client's name included also. Under Customer Care, the bills are issued in the name of the EN client.

This billing and collections function is undertaken in-house by a team of experienced billing analysts.

In order for us to complete this monthly billing function and as part of the wider management services we provide to our EN clients, we adhere to the following processes and procedures: (a) all consumption is metered; (b) Type 4 or Type 5 interval meters are used; (c) meters are read monthly and bills are based on actual not estimated consumption; (d) if requested, we probe meters and supply customers with interval data for a modest fee; (e) orphans are presented with a bill that complies with applicable regulatory requirements, e.g., the Energy Retail Code for Victorian customers; (f) orphans are offered a broad range of payment options; (g) orphans are always offered choice of retailer; (h) our customer service centre enacts internal complaint handling procedures, with EN customers having access to VCAT (in Victoria) for more complex cases; (i) payment plans are provided for genuine hardship cases; and (j) we have a formal disconnection procedure for non-payment that complies with applicable regulatory requirements.

The software used for the billing of our EN clients' customers is licensed from (Deleted) is a software development business which has developed and continues to develop, maintain and support utility billing and more specifically billing software which supports WINenergy's EN business.

WINauspower will licence market compliant billing software and settlements solution ('Retail Platform') from (Deleted). Further detail on this arrangement and other third party contractor engagements is outlined in section 2.2 'Third Party Engagement'.

2.2 Third Party Engagement



WINauspower will utilise the extensive internal energy markets experience that resides within WINenergy to manage its retail position.

Billing and Settlement Engine

As noted above in 1.1, WINauspower will licence a market compliant Retail Platform from (Deleted). A copy of the contract is attached in Attachment C.

In essence, (Deleted) will be responsible for providing WINauspower with a Retail Platform that provides the following functionality:

- **Market Gateway** for transacting with the AEMO gateway to send and receive messages on behalf of WINauspower.
- **Transfers Management** to manage transfers (won and lost).
- **Customer Contract Setup** within the Retail Platform, such that it's ready for billing.
- **Meter Data Management** including the provision of a repository of WINauspower interval meter data.
- **NUOS Reconciliation** to create payment files for LNSP, identification of differences.
- **Standing Data Management** for customers.
- **B2B Transaction Management** for maintenance, as required. This includes Service Orders / Meter Data / CDN / Site Access / Site Address.
- **Retail Billing** software for WINauspower to perform the monthly retail billing function.
- **Contract Expiry** function to notify WINauspower of contracts with expiring rates and maintain contract rates as required.
- **Payments** module / interface to handle customer payments processing with WINauspower internal financial systems.
- **Debt Collection** including reminder notices for overdue accounts.
- AEMO settlement process and invoice payment.

The agreement with (Deleted) is a third party software licence agreement, not an outsource model. The critical functions and the performance of these functions will **remain** internal to WINauspower and be performed by WINauspower resources.

About (Deleted)

(Deleted) solution provider serving retail energy companies in the Middle East, Australasia and North America. (Deleted) it has been developing, integrating and supporting its flagship product, (Deleted), as a comprehensive customer management and utility billing solution.

(Deleted) is well supported by a staff of multi-talented IT professionals with extensive experience in a range of industries, including utilities, manufacturing, insurance and finance. It is estimated that over a million residential and commercial customers are billed by (Deleted) systems.

Wholesale Energy Contract

WINenergy is in the final stages of negotiating (Deleted) with an external market counterparty. A copy of the draft Agreement is attached in Attachment D.

This agreement forms an important part of WINenergy's overall risk management strategy (Deleted).

Meter Provision and Meter Data Provision

These services will be contracted through (Deleted). WINenergy have an established business relationship with respect to metering services and this relationship will be extended to include the WINauspower retail business. In our experience (Deleted) services are both effective and timely which facilitates the smooth operation of our EN business.

2.3 Details of retail / energy experience of major shareholders



As noted above, WINauspower is a registered trading name of WINenergy. A copy of WINenergy's share register is provided in Attachment E. Shareholders with retail experience are:

- Mr. Tom Patsakos has previous retail experience having worked for both Powercor and Energex; and
- Dr. Daniel Norton is a previous CEO of Tasmanian Hydro, ex chairman of NEMMCO and is current director of Aurora Energy.

Please refer to section 2.6 for further key resource capabilities.

2.4 An organisation chart showing the structure of the organisation

WINauspower and WINenergy are housed within the one company structure of WINenergy Pty Ltd. WINauspower is a registered trading name of WINenergy whose business purpose is to be the retail brand and marketing arm of the Company's retail business.

WINauspower will have dedicated retail resources in the form of:

- General Manager of Retail;
- Energy Settlements & Procurement Manager;
- Market Operator;
- Billing Analyst; and
- Customer account management / business development.

The business will effectively be resourced by the broader WINenergy staff – Attachment F. This attachment also shows the WINenergy Board and Executive Management Team.

Furthermore, the structure in Attachment G shows the level of functionality that is available to the WINauspower such that our retail operation obligations can be met. The capability is comparable to other retail businesses operating in the NEM, with WINauspower having the capacity to meet the following core retail functions:

- Retail pricing;
- Contract formation & negotiation;
- Client & customer account management;
- Billing;
- Settlements;
- Energy Procurement;
- Regulatory & compliance; and
- Trading, including renewable energy certificates.

The above business structure ensures there is appropriate separation of duties such that transactions are undertaken in line with internal risk management policies.

The structure in Attachment G broadly outlines the end to end retail energy business. The 'front office' roles will be dedicated to growing and operating the retail business, whilst the 'back office' function will manage the billing, energy procurement, settlements and market interactions. Regulatory and compliance with our retail obligations will be managed through the 'middle office' function.

The above structures are designed to demonstrate the Company's understanding vis-à-vis its retailer obligations as well as our proven capabilities within the energy sector.

2.5 Employees broken down by business unit and employees

As outlined above 2.4 WINenergy, as at the date of this application, employs (Deleted) (including open positions & interns), and the Executive Team. Of those (Deleted) employees, the following employees are dedicated the WINauspower business includes:

- General Manager - Retail;
- Energy & Settlements Manager;



- Market Operator;
- Responsible Person;
- Billing Analyst; and
- Customer account management / business development.

As outlined in the WINauspower Business Plan (Attachment H) as additional resources are required to facilitate and support the growth of the retail business they will be engaged. It should be noted that all (Deleted) employees across the WINenergy group are available to WINauspower should they be required, are expected to contribute to the retail business operations.

It is envisaged that over the next 12 months WINenergy will grow its overall staff numbers to circa (Deleted) people. Some of these new staff members will provide services to the retail operation.

2.6 Summary of qualifications, skills and experience of officers

For the purposes of this section 'officers' is taken to mean directors, the broader management and those staff who are materially involved in WINauspower.

Tom Patsakos (Chief Executive Officer) B. Bus (Economics & Marketing), MBA

Tom is the CEO and Managing Director of WINenergy. Tom joined the electricity industry in 1994 as a senior manager with Powercor Australia Ltd. He has extensive retail energy market experience in Victoria, New South Wales and Queensland. Additionally, Tom gained solid general management experience whilst employed by Tyco Services (Australia) and Firex (Australia) Pty Ltd.

As the CEO of WINenergy, Tom is responsible to the overall financial performance, strategic direction and management of the Company. To complete his MBA Tom wrote his thesis on the deregulation of the Victorian electricity industry, thereby demonstrating his exceptional understanding of energy markets at both a wholesale and retail level.

Tim Norton (Executive Chairman) B. Surv, M. Surv Sci., MBA, LS, FAICD

Tim is an experienced corporate executive with a broad ranging skill set, originally technically focused, but in more recent times he has specialised in business strategy formulation. He was one of original founders of WINenergy.

As a former executive director of an IT software engineering company with related management consulting and software implementation services, Tim with his business partner grew the company from a 2 man operation in the late 1980s to its present day position as an ASX listed company (ASX: OKN).

He has consulted to a major public and private sector organisations in information technology and business management as well as leading the development of innovative technology-enabled business information systems that have been deployed internationally. Tim is a former non-executive director of IWL Ltd a position he held for 3 years until the company was acquired by the Commonwealth Bank of Australia (ASX: CBA).

Attila Marton (Chief Information Officer) B. Eng (Software Systems), M. Eng (Computer Systems)

Attila is the CIO and one of the founding members of WINenergy. Attila has been developing and managing the delivery of large software and hardware systems for over 14 years in the Utility, Finance and Airport industries.

As the CIO of WINenergy, Attila is responsible for all IT infrastructure and the delivery of systems to automate the business processes within the organisation. Attila developed the billing system that is currently in use by the Company to manage and bill its embedded network customers.

To complete his M. Eng, Attila wrote his research thesis on the use of communication protocols for the purpose of remote telemetry. The research paper focused specifically in the area of remote meter readings systems.

Andrea Steele (Regulatory & Compliance Manager) LLB, B. COM (Finance & Economics), LLM



Andrea is responsible for the Regulatory & Compliance function at WINenergy. Andrea joined WINenergy in November 2012 and brings +15 years of experience in both Australian and international financial markets.

Andrea has extensive experience operating in the highly regulated financial services market, where as a corporate finance director she was heavily involved in mergers and acquisitions, acquisition integration, corporate strategy, financing, project evaluation and review, company secretariat, risk management and compliance.

James Norton (Energy and Settlements Manager) BPD, BGeomE, MBA

James has 6 years experience in the commercial property sector. This has included a number of years with a large Melbourne property consulting firm providing project and development management services for private and public sector clients. He has further project management experience in the commercial building sector in delivering projects under full design and construct procurement routes to meet difficult scope and budgetary requirements.

At WINenergy, James will be responsible for overseeing market settlements and transfers for the retail portfolio. He has academic qualifications in Engineering, Property & Construction and Business Administration.

Keith Armstrong (Responsible Person)

Keith has been involved in the Victorian and National Electricity industry since 1975. More recently between 2001 and 2013 Keith was employed by AEMO (formerly NEMMCO), the National Electricity Market operator.

As a Senior Data Analyst with AEMO, Keith's role in the Metering & Settlements areas the following responsibilities:

- Management of metering data for Wholesale Electricity Market Settlements.
- Reconciliation of settlement issues raised by market participants.
- Liaising with Meter Data Providers, Retailers & Distributors.
- Monitoring of market standing data for accurate market settlements.
- Development & presentation of MSATS and metering training material for national training course.
- Involved in the rollout of FRC (Full Retail Competition) in all jurisdictions where it currently exists.
- Provision of subject matter expertise to participants via the AEMO helpdesk / support hub desk.
- Provision of subject matter expertise, to Business Analysts, in preparation of Requirements and Design documentation for enhancements to market systems.
- Embedded network specialist in the creation, maintenance and operation of Embedded Networks within the National Electricity Market.
- Provided support and SME to various jurisdictional regulators and Ombudsmen.
- Participated in the development of a system for Ombudsmen to access market systems and provided training on the system at the various jurisdictional ombudsmen.

James Yates (Chief Financial Officer) B. Com, CPA

James is the CFO and Company Secretary of WINenergy. James has extensive experience as a senior Finance executive in the Engineering, FMCG, IT and Security industries.

During his career James has enjoyed roles at SMEC, Bechtel, Seagram, Gillette, Unisys, Ericsson, and the Stargate Group.

Most recently James was the CFO of Compass Integrated Security Solutions a private security company with headquarters in Dubai. Compass secured the major supply line of food, water and fuel to troops for the US Department of Defence and NATO in Afghanistan.



James is responsible leading the Finance function across all regions with a focus on enhancing systems and process to sustain growth.

Phil Baxter (Chief Operations Officer)

Phil is the COO of WINenergy. Phil joined the electrical industry in 1987 with Nilsen (Vic) working in various roles throughout the organisation culminating in a senior management position. In mid-2012 he joined WINenergy.

He has extensive experience in both operational and general management practices as well as customer account management.

As the COO of WINenergy, Phil is responsible for the successful delivery of projects, the WINenergy customer call centre and the ongoing technical and operational support to our client base.

Robyn Galbin (General Manager Sales & Marketing)

Robyn joined WINenergy in 2006 and has recently been promoted to General Manager Sales and Marketing.

Robyn brought to WINenergy her extensive experience in complex sales and services (within the IT market in both State and National roles) and a professional approach to presenting and working with management and executives. Since joining WINenergy, Robyn's active engagement in relationship development has ensured her contact network has grown significantly as has the list of new clients for WINenergy.

Her successful and measured approach has seen a recent promotion to General Manager Sales and Marketing. In this role Robyn is responsible for the continued growth and profitability of the WINenergy client base and securing new project sites. Robyn's responsibilities extend to leading the national sales team and account managers and marketing WINenergy in the marketplace and at industry events.

Peter Michael (Customer Service Manager) Adv. Dip. Mgmt, HRM & Marketing (underway)

Peter is the Customer Service Manager at WINenergy. Being a highly disciplined and experienced Customer Care / Operations Manager, Peter has led and raised capabilities across teams and operations within the telecommunications industry and more recently FMCG, both nationally and internationally.

Peter possesses a demonstrated ability to adapt to new industries and dramatically improve the performance function of his teams along with being motivated to deliver exceptional customer service proven to result in successful business outcomes.

He has provided project, operational and contact centre management across a wide variety of customer and technical support projects and functions including PAY TV, Retail & Consumer Support, Fixed & Mobiles communication, BOH and provided superior stakeholder relationship management to both internal and external vendor teams.

Peter has been responsible for delivering successful National ICT projects along with key responsibilities in transitioning and delivering telecommunication customer care projects and functions into the Asia Pacific region.

The above mentioned resources can be augmented as required once the retail operations expand to service a broader customer base. As outlined in the Business Plan (Attachment H) WINauspower will only be targeting and retailing to large customers, there is not an intention at this stage to put in place resources that would normally be required for small residential customers such as call centres.

WINauspower has the ability to leverage off the resources of the broader WINenergy group in terms of resources, systems and processes to complement its retail operations.

As a registered market customer under the National Electricity Rules and retailer in NSW, the WINenergy team is familiar with the regulatory and operational requirements of the NEM from a retail perspective.



2.7 Details of Human Resources Policy Regarding Employee Qualifications

The Company's recruitment and selection practices are performed by the Human Resources Manager.

In terms of the recruitment process the following practice is adopted:

- Work force planning – justification for the role and budget rationale;
- Position Description development;
- Advertisement (IT positions may be placed with an agency);
- Desk-top filter based on core selection criteria;
- First round short list interviews with HR manager and possibly line manager;
- Second round interview with line manager and another Executive or CEO (role dependant);
- Checking of evidentiary material (residential status, qualifications);
- Reference checks;
- Letter of offer;
- Employment contract with 3 month probation;
- Induction process; and
- Police Checks (if required).

Performance reviews for all staff and Executives are conducted in April / May of each year.

An example of a position description / job description is contained in Attachment I. The position descriptions across WINenergy are equally detailed in relation to qualifications to ensure that appropriate personnel are recruited in line with the role specifications and requirements.

2.8 Training Programs and Policies to Ensure Appropriate Interaction with Customers

The recruitment process which the Company has in place will ensure that our energy markets personnel have the appropriate energy markets experience and expertise to allow them to interact with our retail customer base.

As outlined in our Business Plan, WINauspower's retail strategy is focussed on large customers and therefore the actual number of contracts in place will be relatively small, thereby allowing the customer management and interface to be quite controlled and focussed.

It is expected that the majority of the customer interface between WINauspower and our large retail customers will be directly between those within the business who have been involved in retail contracts and have the necessary retail interface requirements.

WINenergy encourages its staff to have continual improvement through further education and professional development courses. As the retail business evolves, it is expected that existing members of the Energy Markets team will become AFMA accredited.

Attachment J outlines the Company's Training & Development Program and Policies.

2.9 Business Plan

Attachment H – WINauspower Business Plan.

2.10 Quality Assurance Accreditations

WINenergy generally adopts Australian and international quality standards in the conduct of its business. Our customers have varying requirements around quality and our business is able to customise our standard practices to suit.



In addition to this we have a rigorous set of standard practices / processes and policies which have been developed with the highest level of regulatory compliance in mind. Complex and high risk procedures are documented.

These practices have been developed in conjunction with the Executive Team / employees and clients to ensure they are robust and fool proof.

On an annual basis, the WINenergy Board and Executive Team review these policies for currency and adequacy. Where there is a requirement to upgrade these policies / procedures then this will be undertaken to ensure that our retailing activities always remain effective and accurate.

WINenergy regularly reviews our employee training requirements to ensure employees have an adequate level of expertise to carry out their business activities. This also includes detailed induction for new employees where they are exposed to all of the critical business policies and procedures.

2.11 Compliance Strategy

WINenergy is aware of its obligations as a retailer within the NEM. To this end the Company has already rolled out a number of policies and procedures to comply with our obligations as a market customer. Our overall compliance strategy is outlined in Attachment K – Compliance Management Framework & Policy.

2.12 Risk Management Strategy

There is already a strong focus on risk management across WINenergy's embedded network business and the same approach will be taken with the WINauspower retail businesses. To this end WINenergy has adopted a comprehensive Risk Management Framework & Policy which gives the Board primary responsibility for energy risk oversight with active review and management processes and responsibilities resting with the CEO, Executive Team and staff.

WINenergy's Board has articulated an appropriate risk appetite in respect of the retail business. To this end, WINenergy has entered into a forward commodity contract, otherwise known as a 'Load Following Agreement' ('Agreement') with external market counterparty. A copy of the Agreement is attached in Attachment D. The effect of this Agreement is that the Company will have little if any exposure to the 'spot market' to meet its load requirements.

The relevant policy which articulates WINenergy's risk management strategy is outlined in Attachment L – Risk Management Framework & Policy.

2.13 Director Declaration Regarding Risk Management & Compliance Management Frameworks

Director declaration regarding the approved Risk Management Framework & Policy (Attachment L) and the Compliance Management Framework & Policy (Attachment K) is contained in Attachment M. Both of these Policies have not yet been subject to an external assurance review process. It is anticipated that they will be reviewed externally in FY'14.

2.14 Additional Information which Demonstrates Ability to Manage Risk and Operate in Accordance with NERL

WINenergy believes that the information contained in Attachments H – WINauspower Business Plan, Attachment K – Compliance Management Framework & Policy and Attachment L – Risk Management Framework & Policy, which when complemented with our supporting policies regarding financial hardship, disconnection / reconnection and complaints handling are demonstrative of our understanding of the obligations under NERL vis-à-vis protection of the long term interests of consumers.



Additional information which demonstrates our ability to manage risk and operate in accordance with NERL is contained in the following Retail Licence and Special Approvals from the relevant regulatory bodies:

Attachment N – NSW Retail Supplier Licence.

Attachment O - Letter of admission as a special purpose participant in Austraclear.

Attachment P – AEMO Registration in the NEM as a market customer.

Attachment Q – Energy & Water Ombudsman NSW Membership Agreement.

Given the initial business strategy is to retail to large customers only, Attachment R contains WINauspower's draft sale of electricity terms & conditions for large customers.

2.15 Insurance Arrangements

Details of WINenergy's insurance certificates are contained in Attachment S.

2.16 Third Party Information

(a) State all functions and activities to be outsourced

Meter Provision and Meter Data Provision

WINauspower will be utilising the outsourced third party services for meter provision and meter data provision as outlined in section 1.2.

Billing & Settlement Engine

As outlined in section 1.2, WINauspower will licence market compliant Retail Platform from **(Deleted)**. A copy of the contract is attached in Attachment C.

(b) Details of formal agreement(s) to provide services

Billing & Settlement Engine

WINauspower undertook a review of the major billing systems available to the Australian energy market. This analysis reviewed all major retail billing and settlement service providers in the NEM and determined that the most suitable service provider for WINauspower's requirements is **(Deleted)**. This decision was determined taking into consideration the ability to obtain a software licence for the product, overall functionality of the product and price. The ability to licence the **(Deleted)** software was a key determinant as it was imperative that WINauspower conduct all retail functions in-house.

Wholesale Energy Contract

As outlined in section 1.2, WINenergy is in the final stages of negotiating a **(Deleted)** contract for the supply of energy - Attachment D.

The counterparty is a large supplier of gas and electricity throughout Australia. The company has its own power generation assets across Australia. It operates in both the wholesale and retail energy markets within Australia.

(c) Summary of third party's experience in and knowledge of the area

This is contained in section 1.2.

(d) Evidence of the third party's technical capacity to meet relevant obligations

This is contained in section 1.2.



2.17 Evidence of Memberships

Effective 1 March 2013 WINenergy became a member of the Energy & Water Ombudsman NSW ('EWON') – Attachment Q. Additionally, the Company will also seek membership of Energy & Water Ombudsman Victoria ('EWOV') upon the completion of its successful grant of its retail licence in Victoria.

WINenergy also holds memberships with:

- Property Council of Australia;
- Energy Users Association of Australia;
- VECCI; and
- Energy Retailers Association of Australia ('ERAA').

As the retail business develops the Company will also look at the appropriateness of other industry based memberships including, but not limited to:

- AFMA; and
- Clean Energy Council.

2.18 Evidence of Market Agreements and Systems

WINenergy is already an approved AEMO market customer within the NEM – Attachment P. Equally, given WINenergy is currently a licensed retailer in NSW we have Network Use of System ('NUOS') arrangements in place with all three (3) distributors in NSW.

NUOS agreements will be established in Victoria with the five (5) Victorian distributors once WINenergy becomes a licensed retailer in this jurisdiction. Communication and correspondence with the Victorian LNSPs has been completed and will be finalised once our Victorian retail licence is approved.

2.19 Triggering of RoLR

Not applicable – WINenergy has never triggered the RoLR provision, nor transferred or surrendered an authorisation / licence.



PART 3 – FINANCIAL RESOURCES

3.1 Audited Financial Reports for the past three (3) years

WINenergy financial statements covering the requirements outlined in the AER Retailer Authorisation Guideline are contained in Attachment T.

3.2 ASIC submissions under Chapter 2M of the *Corporations Act 2001* (Cth)

Not applicable – WINenergy has not been required to submit documents, records or information to ASIC under Chapter 2M of the *Corporations Act 2001* (Cth) in the past three (3) years.

3.3 Evidence of long and / or short term credit ratings(s)

WINenergy have a formal dynamic risk score from Dun & Bradstreet – Attachment U.

3.4 Related Company Structure

Not applicable – WINenergy does not form a part of any other group structure. WINauspower is trading name of the retail business.

3.5 Forecast Revenue and Expenses for at Least the First 12 Months of Operations

The Business Plan in Attachment H outlines this information requirement.

3.6 Declaration from Independent Auditor regarding the Company's Financial Capacity

WINenergy's auditors, Pitcher Partners have supplied an independent declaration confirming there are reasonable grounds to believe that the Company will during the course of the next 12 months, be able to pay its debts as and when they become due and payable - Attachment V.

3.7 Declaration from Chief Financial Officer, CEO or Director regarding the Company's Financial Capacity

Attachment W contains the CEO's declaration regarding the Company's Financial Capacity.

3.8 Details of any bank guarantees

Details of WINenergy's bank guarantees are contained in Attachment X.



PART 4 – SUITABILITY

4.1 Details of Material Failures, Legal Actions, Revocation of Authorities

WINenergy is not aware of any director, officer or shareholder of the Company being subject to any prosecution, disciplinary action, being fined or penalized, or being the subject of an inquiry or investigation in their capacity as a director or officer or shareholder.

4.2 Details of any Offences or Successful Prosecutions under any Territory, State, Commonwealth or Foreign Legislation

Nil.

4.3 Details of Disqualified Directors (or Shadow or De Facto Directors)

No directors of WINenergy have been disqualified from the management of corporations.

Attachment Y contains written declarations from members of WINenergy's management team attesting that they have not been disqualified from the management of corporations.

4.4 Upon Request a Criminal History Check

Agreed.

4.5 Declaration Regarding Record of Bankruptcy in any Overseas Jurisdiction

Not applicable – WINenergy only operates in Australia.

4.6 Full names and Current Residential Addresses of all Officers (Directors) of the Applicant

Attachment Z contains the full names and current residential addresses of the Directors including:

- Mr. Thomas Patsakos;
- Mr. Timothy Norton;
- Dr. Daniel Norton;
- Mr. Russell Neil; and
- Ms. Kerry Adby.

4.7 Details of Policies and Procedures Addressing the Probity and Competence of Officers and any Key Management Staff

WINenergy has procedures and policies in place that deal specifically with the probity of officers and key management staff as well as policies that address the competence and continual development of staff.

WINenergy's standard employment agreement deals with probity expectations and requirements, including:

- Confidentiality;
- Compliance with laws and regulations; and



- Code of conduct.

Attachment J outlines the Company's Training & Development Program and Policies. This Policy indicates the value WINenergy places on individuals within its business being suitably qualified to undertake the role to which they have been appointed.

Furthermore, the Risk Management Framework & Policy contained in Attachment L articulates the Company's policy and procedures regarding probity and competence of officers and key management staff.