



Application to Australian Energy
Regulator for Individual Exemption under
the National Energy Retail Law

Date: 30 September 2014





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Application for Individual Exemption

1. General Information

1.1 Your legal name.

AGL Energy Services Pty Limited

1.2 Your trading name if different to your legal name.

AGL Solar

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

ABN 57 074 821 720

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

Level 22, 101 Miller Street North Sydney NSW 2060

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

Simon Jovanovic, Head of Consumer Energy Solutions [Confidential information removed]

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

AGL Solar proposes to provide solar photovoltaic (PV) power arrays to customers under the Power Purchase Agreement model at the individual customer's premise(s) to produce solar electricity. The electricity generated will be metered and sold to the customer at an agreed rate.

This behind the meter Solar Power Purchase Agreement (SPPA) model gives the customers all the benefits of solar power by way of the traditional pay as you go electricity transaction, but does not fit within the existing exemption categories under the AER "Exempt Selling Guidelines".

An individual exemption rather than a retail authorisation is appropriate for AGL Solar's proposed business activities as the AER has stated that:



- The energy provided by a SPPA business is supplementary. All customers who enter into SPPA with AGL Solar are required to have a customer retail contract with an authorised energy retailer. As such, customers will continue to have access to the grid and the consumer protections provided by the National Energy Customer Framework (NECF).¹
- Several of the National Energy Retailer Law and National Energy Retail Rules retailer obligations are inappropriate for SPPA businesses. For example participation in the Retailer of Last Resort (RoLR) scheme, obligations to provide standing offers, customer transfers and relationships with distributors.²
- Customers will have appropriate consumer protections provided by the Australian Consumer Law (ACL), *Competition and Consumer Act 2010 (CCA)*, the Consumer Credit Code and the state offices of Fair Trading.³
- Compliance with all of the requirements contained in NECF for an authorised retailer is not practical or warranted.⁴

1.7 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

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

AGL Solar sells and installs solar PV power arrays at the customer's premise(s) to produce solar electricity.

AGL Solar intends to extend the scope of its activities to allow customers to purchase or lease solar systems over extended time periods. AGL Solar intends to monitor, operate and maintain the customer's system throughout the term of their contract with AGL Solar. The customer will agree to purchase the energy produced by the solar system at an agreed price for an agreed term.

The solar system will remain the property of AGL Solar unless the customer decides to purchase the system.

1.9 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

¹ AER Final Statement of Approach, regulation of alternative energy sellers under the National Energy Retail Law, June 2014, p9

² AER Final Statement of Approach, regulation of alternative energy sellers under the National Energy Retail Law, June 2014, p9

³ AER Final Statement of Approach, regulation of alternative energy sellers under the National Energy Retail Law, June 2014, p9

⁴ AER Final Statement of Approach, regulation of alternative energy sellers under the National Energy Retail Law, June 2014, p9



directly or indirectly connected to the main grid or is (or will be) an off-grid network.

The form of energy that AGL Solar is seeking an individual exemption for is electricity generated by solar PV panels installed on a customer's premise(s). The customer will be connected to the main grid and, at times, solar energy produced may be exported to the main grid.

In order to enter into an agreement with AGL Solar the customer must have, and maintain throughout the term of the contract, a retail customer contract with an authorised energy retailer.

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

Not applicable

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

[Confidential information removed]

1.12 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

1.13 Details of any experience in selling energy, for example:

- **date/s and location/s of previous operations**
- **form/s of energy sold**
- **scale of operations (that is, the number, size and type of customers)**
- **an explanation of which activities will be conducted in-house and which will be contracted out to third parties.**

Energy selling experience

AGL Solar is a trading name of AGL Energy Services Pty Limited (**AGL Energy**). AGL Energy is a wholly owned subsidiary of AGL Energy Limited (**AGL**).

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable energy generation in the country. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas, solar and biomass.

Drawing on more than 175 years of experience in the Australian Energy Market, AGL operate retail and merchant energy businesses, power generation assets and an upstream gas portfolio.



- AGL's Retail Energy Division sells and markets natural gas, electricity and energy related products and services to more than 3.8 million residential and small business customer accounts across New South Wales, Victoria, South Australia and Queensland.
- AGL's Merchant Energy division develops, operates and maintains AGL's power generation assets, develops its carbon strategy, and manages the risks related to buying and delivering gas and electricity for AGL's wholesale and retail customer portfolio. It also manages relationships with AGL's large commercial and industrial customers.
- AGL's Upstream Gas division invests in and operates gas exploration, development and production tenements and develops and operates gas storage facilities.

[Confidential information removed]

AGL Solar benefits from AGL's significant resources and extensive experience in the energy industry. AGL's corporate teams provide support services to all AGL business units including AGL Solar. This support includes risk management, compliance, legal and regulatory services as well as finance and human resource management.

Explanation of activities conducted in-house and activities that will be contracted out to third parties.

[Confidential information removed]

- 1.14 **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.**

AGL Solar has never held or been subject to an energy selling exemption, retail authorisation or a retail licence in any state or territory. Subsidiaries of AGL hold retail licences or retail authorisations for electricity and natural gas in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania and Victoria.

- 1.15 **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).**

Not applicable



2. Particulars relating to the nature and scope of the proposed operations

2.1 **Will your customers be your tenants??**

Not applicable

2.2 **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.**

[Confidential information removed]

2.3 **What is the total number of dwellings/premises at the site?**

Not applicable

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

Not applicable

2.5 **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?**

Not applicable

2.6 **What is the estimated aggregate annual amount of energy you are likely to sell and the average expected consumption of customers for each type of customer you service?**

Not applicable

2.7 **Will your customers be wholly contained within a site owned, controlled or operated by you?**

Not applicable

2.8 **Will each premises/dwelling be separately metered?**

Not applicable

2.9 **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 meters for the SPPA business will be remotely read interval meters. In some cases a customer may pay us on a non-metered basis. For example customers on a fixed lease agreement may pay a flat fee for each time period for AGL Solar's service.

How the customer sources their grid supplied electricity is not impacted by the SPPA business, as the electricity supplied by the solar PV system is supplementary to the electricity the customer draws from the grid through their contract with an authorised energy retailer. Therefore, the SPPA business does not inhibit a customer from changing electricity retailers if they so wish.

Installation of solar PV may require the customer to update their meter and switchboard to allow the excess solar electricity generated to be fed into the grid. This requirement arises as a result of the installation of solar PV and is not impacted in any way by the SPPA business model.

- 2.10 **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?**

Any meters used will comply with Australian Standards including the *National Measurement Act 1960*.

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

Not applicable

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

Not applicable

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

AGL Solar will issue bills in accordance with customer contracts, which is likely to be on a monthly basis. Initially, AGL Solar intends to issue customer bills through a third party billing agent. However, in time AGL Solar may decide to issue the bills itself.

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



AGL Solar will exploit AGL's existing retail operations by utilising AGL's existing customer service and dispute resolution procedures. A copy of AGL's Dispute Resolution Policy is available at www.agl.com.au. AGL Solar customers will also be given access to jurisdictional Ombudsman schemes where available.

In addition, AGL Solar is working with the Clean Energy Council to be a participant in their PV Retailer Code of Conduct, which has a detailed Dispute Resolution component.

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

Not applicable

- 2.16 **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?**

[Confidential information removed]

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

AGL Solar is supported by the financial resources, expertise and experience of AGL, one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable energy generation in the country.



3. Particular information required for SPPA applicants

3.1 **What is your strategic direction and what are your objectives, for example, please describe your business model in some detail, noting jurisdictions where you will be operating, and customer number forecasts for the first year, and within 3-5 years.**

[Confidential information removed]

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

[Confidential information removed]

3.3 **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?**

[Confidential information removed]

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

[Confidential information removed]

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

[Confidential information removed]

3.6 **What happens when the contract ends? Who owns the system?**

[Confidential information removed]