



Application for an Individual Retailer Exemption

OTI POWER PTY LTD • FEBRUARY 2015



General Information Requirements

1 Your Legal Name.

OTI Power Pty Ltd

2 Your trading name if different to your legal name.

Trading as OTI Power Pty Ltd

3 Australian Business Number (ABN) or Australian Company Name (ACN).

601 633 845

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

Level 19, 144 Edward Street Brisbane 4001

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

Paul Blake (Managing Director)

0412 566 915

paul@otipower.com.au

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.

We are seeking an individual exemption rather than a retailer authorisation as our model does not fit under the traditional retailer or retail exemption categories.

OTI Power Pty Ltd offers Solar Power Purchase Agreements (SPPA's) to commercial and industrial customers. The SPPA's will allow customers to benefit from producing onsite power with no up-front costs and therefore receive lower cost electricity. (compare to that from traditional retailers)

OTI Power Pty Ltd role will be as a supplementary source of electricity to consumers, we will not be the primary supplier of electricity. We will not be guaranteeing supply as any contract with us is in addition to a supply arrangement with a retailer and loss of supply from us does not remove the customer's access to electricity.

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.

OTI Power intends to sell energy at various locations, therefore an address and map is not applicable.



General Information Requirements

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

Commercial and Industrial Solar (PV)

9 The form of energy for which you are seeking the individual exemption (electricity or gas).

For electricity please state whether the network you propose to sell is directly or indirectly connected to the main grid or is (or will be) an off grid network.

OTI Power is seeking an individual exemption for electricity which will be directly connected to the main grid.

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

No. OTI Power will only be servicing areas where grid supply electricity is currently available.

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

OTI Power intends to sell energy generated from the SPPA's within 3 months, subject to approval of this application process.

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.

OTI Power intends to sell energy to a range of customers at a variety of sites, most of which remain unknown at this time.

13 Details of any experience in selling energy, for example.

OTI Power has operated in Queensland since 4th September 2014. At this stage we have sold PV Solar systems to the commercial and residential market throughout Queensland.

- **Date/s and Location/s of Previous Operations**

OTI Power has supplied residential and commercial customers a wide variety of PV solar systems throughout Queensland.

- **Form/s of Energy Sold**

PV Solar generated power only.

- **Scale of operations (that is, the number, size and type of customers)**

OTI Power supplies commercial & industrial customers. Typically PV Solar systems ranging from 5kw to 99kw

- **An explanation of which activities will be conducted in-house and which will be contracted out to third parties.**

OTI Power will conduct all activities concerning SPPA's in house, including maintenance, meter reading and billing.



General Information Requirements

- 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**

OTI Power does not currently hold any electricity retail licenses.

- 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)**

OTI Power will provide an ancillary/supplementary supply of electricity only. Primary supply, along with all of its related obligations, will continue to be provided by the customer's authorised primary electricity Retailer.



Particulars relating to the nature and scope of the proposed operations

To determine whether it is appropriate to exempt you from the requirement to hold a retailer authorisation, we need information on the nature and scope of the operations you propose to conduct. Please answer the following questions:

- 1 Will your customers be your tenants? If so, are they residential or commercial/retail? Are they covered by residential or retail tenancy, or other legislation governing accommodation that is a person's principal place of resident (for example, retirement village legislation, residential parks or manufactured home estates egislation) in your state or territory?**

Not applicable. OTI Power does not presently anticipate selling power through SPPA to residential properties.

- 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.**

OTI Power scope of services will be limited to the installation, operation and maintenance of its solar systems and the sale of energy therefrom. Such services will be offered to both business/commercial customers.

- 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..**

OTI Power intends selling to business customers which are in commercial or industrial industries.

- 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. Only power that has been generated from our PV Solar systems.

- 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.**

The customers will continue to have an existing separate contract with their primary electricity retailer. OTI Power will purely be providing electricity to the customer on a supplementary basis. OTI Powers business model does not anticipate, at this point in time, providing conventional electricity generation from a traditional electricity Retailer.



Particulars relating to the nature and scope of the proposed operations

- 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 for each type of customer you service (that is, residential customers and retail or commercial customers)?**

In general, the aggregated annual amount of energy that OTI Power is expecting to sell will depend on the size of the solar system, solar insolation and its efficiency. Each of these parameters will be site-specific and will vary for every customer. The average size of the solar system is expected to be in the range of 10 kilowatts to 99 kilowatts.

- 7 Will your customers be wholly contained within a site owned, controlled or operated by you? (For the purposes of this questions, a body corporate may be taken to “operate” premises it oversees).**

No OTI Power will not own or control any of the sites of our customers.

- 8 Will each premises/dwelling be separately metered? If the application is for a new development or a redevelopment and customers will not be separately metered, please explain why not.**

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

- 9 What types of meters will be used? For example, basic/accumulation meters, manually read interval meters or remotely read interval meters? Will these meters allow your customers to change retailers (i.e. not source their energy from you)?**

OTI Power will use the EDMI range of smart meters, EDMI is one of the leading smart energy solution providers in the world. The meters installed by OTI Power will have no impact on the customer wanting to change retailers.

- 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?**

All EDMI meters are manufactured with a high level of quality and functionality, and meet IEC compliance.

EDMI meters are Pattern approved under the National measurement Institute (NMI) and are suitable for billing requirements. In addition to being Pattern approve all EDMI meters are individually NATA calibrated (National Association of Testing Authorities) and come with NATA endorsed test certificates.

Class 1 EDMI meters will be used, they will comply with the National Measurement Act 1960 (Cth) requirements for electrical meters installed.



Particulars relating to the nature and scope of the proposed operations

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

We propose the meters to be read monthly and sophisticated data loggers will also be installed to provide total transparency for the customers and OTI Power.

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

All customers will be separately metered for their grid and SPPA consumption with each energy supplier being separately responsible for their respective charges and billing processes.

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

Customers will be billed in accordance with their SPPA contracts. OTI Power will suggest to its customers that billing take place at the end of every month. Due date will not be less than 13 days. Reminder notices will allow another 6 days to pay.

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

OTI Power customers may make a complaint via email or phone. Upon receipt of the complaint we will acknowledge the query or complaint within 10 business days and respond to the query or complaint by addressing the matters within 20 business days. The time we spend investigating the complaint will be determined by its seriousness and complexity.

If a customer is not happy with how their complaint has been resolved, they may refer the complaint to the Office of Fair Trading. OTI Power will keep a record of all complaints and the time taken to resolve or close the case.

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

OTI Power will not be offering its customer any rebates or concessions. Any financial incentives or rebates that are derived from our solar systems will be retained by us as the systems will continue to be our property. As such, any and all 'green' energy certificates and rebates (eg. STC's, LGC's) generated by our solar systems will remain our property for our exclusive benefit unless otherwise agreed with the end customer. That being said, our retention of such incentives / rebates will permit us to offer a fully maintained solar system at no upfront cost to the customer and at more competitive tariffs under our SPPAs. In addition, any income derived from sales of exported electricity will normally be paid directly to the end customer via their traditional retailer except in certain exceptional instances.



Particulars relating to the nature and scope of the proposed operations

16 Will you make energy efficiency options available to your customers? Will you network incorporate solar or other generation options for sustainability purposes?

If so, will you use gross or net metering?

Our SPPAs will reflect a “state of the art” renewable solar energy service. OTI Power will work with our customers at the outset to maximise the benefit of the electricity generated by solar so that it best matches their load profile. While we do not presently anticipate making additional energy efficient options available, we may introduce them in the future, including, but not limited to, the introduction of new products and services that reflect the rapid pace of technological change in the solar industry (e.g., storage systems, more efficient panels, integrated solar panels and micro-inverters, and expansion of current systems, etc.).

Please provide any further information that you consider would assist us to assess your application (please note in response to email from Danielle on 15th September 2014)

• Will you be financing the SPPA's or will other businesses finance them? Will customers enter into an SPPA contract with you, and in the event of the customer non-payment will you bear financial liability?

OTI Power will finance the SPPA and the contract will be between the customers & OTI Power. OTI Power will bear all financial liability if the customer does not make payment.

• Please provide information regarding your expected energy sales during the first year and between 3-5 years.

At this stage OTI Power estimates approximately 5 -15 customers per year for the next 5 years.

• You mention that prices will be 15% less than any retailer rate. Does this mean that the price will be 15% less than the lowest market contract available to the customer?

OTI Power will be charging a minimum of 15% less than on offer from electricity retailers.

• You mention the existence of exit clauses but also a fixed term contract of 5 years. Please outline what the exit clauses are, and whether/how customers can exit the contract within the 5 year period?

The customer can buy the system as detailed in each SPPA under the buyout schedule or OTI Power will remove the system at anytime when requested to do so by the customer, at no cost.

• Will customers pay for energy only, or are there other charges?

Customers will only pay for the energy they use from the PV solar system. Excess power will be exported to the grid for “feed in tariff” credit against customers account (where available) and there are no further charges applied.

• In which states/territories do you intend to offer SPPA's in?

OTI Power intends to operate across all States and Territories in Australia including New South Wales, South Australia and Australian Capital Territory, Victoria and Queensland



Particulars relating to the nature and scope of the proposed operations

- **Who will hold any renewable certificates generated by the solar system?**

OTI Power will not be offering its customer any rebates or concessions. Any financial incentives or rebates that are derived from our solar systems will be retained by us as the systems will continue to be our property. As such, any and all 'green' energy certificates and rebates (eg. STC's, LGC's) generated by our solar systems will remain our property for our exclusive benefit unless otherwise agreed with the end customer. That being said, our retention of such incentives / rebates will permit us to offer a fully maintained solar system at no upfront cost to the customer and at more competitive tariffs under our SPPAs. In addition, any income derived from sales of exported electricity will normally be paid directly to the end customer via their traditional retailer except in certain exceptional instances

- **How long will the contracts be for?**

Range from 5 - 25 years. Customers can decide how long they would like the agreement to be in place. Although terms of the SPPA may vary by customer, a customer will generally have a number of options at end of term. These include (1) having the panels removed upon request, (2) entering into a new SPPA at a new tariff, (3) buying out the solar system at its residual value

- **You mention you intend to acquire 5-15 customers per year for 5 years, could you also estimate how much energy you will sell via SPPAs per year?**

Redacted.

- **The AER is concerned to ensure that the price of the energy is transparent and clear to the customer so that they are fully aware of the cost of the energy they will be paying for. You mention that the cost of energy under the OTI SPPA will be 'a minimum of 15% less than on offer from electricity retailers'. As retailer tariffs vary greatly, this does not accurately indicate what price you are charging?**

Redacted.

