

Corporate Summary

Company Background

Energy Lease Pty Ltd is a new business, established in 2014 as a specialty financier and asset manager of solar energy systems and energy efficient equipment. The business focuses on providing Power Purchase Agreements (PPAs) to the commercial (small & large scale) and residential sectors of the economy.

Energy Lease works with a range of solar and energy equipment retailers and installers (our distributors) throughout Australia. Energy Lease provides its distributors with a range of convenient \$0 down and cash flow positive propositions for their clients (end-users) by having access to 10-15 year finance arrangements.

The Energy Lease Power Purchase Agreement (PPA) will give customers a further option including:

- “Zero \$ down” from property owners and tenants – no capital contribution required;
- Fully monitored, fully maintained, high quality equipment & installation;
- Customers can acquire all the power generated from the panel at an annually set flat monthly charge or variable per kWh tariff and/or per power used;
- Up to 15 year term;
- Customers retain a primary electricity supply relationship with a grid power retailer of their choice;
- Customers can pay out the balance of the system and take 100% ownership at any time;
- The PPA is transferable upon sale of the property;
- The continued operation of the solar PV system remains the responsibility of Energy Lease meaning the system is continually maintained and managed to deliver optimum output;
- Energy Lease financed systems are designed to limit exported energy to the grid, with the focus on generating savings for the end user on site.

Individual Retail Exemption

Introduction

Energy Lease is an Australian owned company that provides financial products and services to a broad range of retailers and installers of solar energy systems and related energy efficient technology. The company's objective is to provide our distributors and end users with a compelling value proposition via PPAs. These PPA's will supply electricity generated from the solar systems, to customers generally at a lower rate than they can procure from traditional authorised retailers.

Details required to support application

Company Name: Energy Lease Pty Ltd
ABN: 25 601 345 055
ACN: 601 345 055
Registered postal address: PO Box 800 Bondi Junction, NSW 2022.
Nominated contact person: Guy Olian – CEO - 0410 423 566
guy@energylease.com.au

Reason for seeking an individual exemption

Energy Lease is committed to providing customers with a range of financing options for renewable energy systems.

A PPA with the ability to bill the customer for the power produced from their rooftop system does not fit within the definition of 'retailer' of electricity.

The customers' primary electricity supply arrangements will be retained by an authorised retailer of the customer's choosing. The customer must have an authorised retailer in order to enter into the PPA with Energy Lease. Energy Lease is not providing for the full energy needs of the end user.

The PPA has been drafted taking into account the Retail Energy Legislation. For example, the agreement contains a 10 day cooling off period as is required by the legislation, and also contains dispute resolution clauses.

The PPA has been drafted to be compliant with other state and federal consumer/homeowner protections – including the Australian Consumer Law (ACL) and state building legislation. The customer's interests will be protected by statutory guarantees under this legislation.

Address of the site

The PPA will be offered to customers in QLD, NSW, ACT, VIC and SA. As such Energy Lease seeks a multi-site individual retail exemption.

Primary activities of the business

- Energy Lease and its distributors will arrange for the supply and install solar PV solutions for the residential and commercial market.
- Energy Lease and its distributors will deliver a complete turn-key solar energy solution, undertaking responsibility from conception to realization, ongoing maintenance, billing and beyond.
- Energy Lease and its distributors will provide total project management, comprehensive site audits, system design and consultation, installation and commissioning, on-going technical support, training, maintenance and peace of mind.

Energy Form

- Energy will be electricity, generated solely via rooftop solar PV systems.
- The customer will retain its primary grid connection with supply through an authorised retailer

Off-grid Establishment

Energy Lease' PPA will be an ancillary supplier to the existing grid power network. As such, Energy Lease do not expect to supply off grid applications.

Date we intend to commence selling energy

Energy Lease has a network of distributors that will commence energy sales/PPA operations as soon as possible.

Mailing addresses for premises at the site (where applicable)

Not applicable

Experience in Selling Energy

Guy Olian, the Director of Energy Lease significant expertise in wholesale energy markets and energy trading. He is also the Executive Director of Solar Financial Solutions Pty Ltd which has recently been granted a similar retail exemption by AER.

Solar Financial Solutions was established in 2009 and is one of the leading providers of residential and commercial finance for solar and energy efficient equipment.

Dates and Locations of previous operations

Not applicable

Scale of Operations

Energy Lease is a new entity formed specifically for the PPA market and leveraging the experience, skills and capabilities of the management team in the financing of solar and energy efficient systems.

In-house/Outsourced activities

Energy Lease's in-house activities will include credit assessment, credit management, customer care, billing, monitoring, maintenance, sales, marketing, training, compliance etc.

Most functional activities related to design, installation, metering and maintenance of systems will be outsourced to third parties with proven relevant experience under tightly defined operational agreements and close governance.

Energy Selling exemption or retail license

Energy Lease has never held or been subject to an energy selling exemption or a retail license (retailer authorization) in any state or territory.

Continuity of supply

Energy Lease provides an ancillary supply of electricity only. Primary supply along with related obligations will be provided by an authorised retailer (of the customer's choosing). Should the PV system be compromised, full electricity needs of the property would be fulfilled by the grid retailer.

Particulars in relation to the nature and scope of the proposed operations.

Direct responses to General application questions

1. **Are customers tenants?** No. Energy Lease only provides the electricity generated from the rooftop solar PV system. Finance includes installation and on some occasions maintenance services.
2. **Are we providing other services or contractual arrangements?** No. As above
3. **Total number of dwellings at the site.** Not applicable. Energy Lease is seeking an exemption to allow the PPA to be established at multiple site.
4. **On selling energy?** Energy Lease will only be selling electricity sourced from the solar PV system installed on each property.
5. **Bulk purchase of electricity.** Energy Lease will not be purchasing electricity form the marketplace.

6. **Estimated aggregate annual amount of electricity to be sold.** CONFIDENTIAL
7. **Customers contained to a controlled site.** Not applicable. Energy Lease is seeking an exemption to allow the PPA to be established at multiple sites. The sites will be owned or leased by the Customers, not Energy Lease.
8. **Metering of premises.** Each site will be individually metered for both grid and solar power as applicable for the regulatory environment in each jurisdiction.
9. **Meter Type.** Energy Lease will use remotely read interval meters, which meet all required standards for the relevant locations.
10. **Meter Accuracy Standards.** Customers will be charged based on the inverter reading only, as defined in the contract. These inverters comply with AS4777, AS3100 and all systems are installed as per AS5033 and AS3000 by CEC accredited installers.
11. **Meter reading frequency.** Energy Lease will receive real time data from the inverter on at least a monthly basis.
12. **Determining Energy charges if not separately metered.** Not applicable. Customers will have an arrangement with an authorised retailer for their grid connection. Energy Lease and the retailer will each be separately responsible for their respective charges and billing.
13. **Billing.** Energy Lease will handle all billing and collections as part of its in-house capabilities. Billing will occur on a monthly basis and will be based on the electricity produced by the PV system or consumed by the PV system depending on the nature of the PPA.

14. **Dispute resolution procedures.** Electricity related complaints and issues will be dealt with under the dispute resolution clause of the PPA. This clause will provide that a customer can raise a complaint or issue with Energy Lease and Energy Lease is required to respond to the complaint within a set timeframe setting out its decision in relation to the dispute and the reasons behind it. Either party may choose to escalate the dispute to mediation. The customer may also refer the complaint to the relevant fair trading office or energy ombudsman if it is not happy with the outcome.

Energy Lease is able to receive customer queries via several means including:

- Telephone 1300 795 695
- Email – enquiries@energylease.com.au or complaints@energylease.com.au
- In writing – Level 1, 39-40 Porter St., Prahan VIC 31818

In addition, if our dispute resolution processes do not reach a satisfactory outcome then Energy Lease will follow the judicial process. If the customer is not happy with the outcome of the dispute, it may refer the complaint to the relevant state fair trading office.

15. **Rebates or concessions.** The Energy Lease customer offering will have no rebates or concessions. Energy Lease will work with our distributors to process any eligible Energy Credits (e.g. STCs) generated by a PV system. This will manifest itself in a lower initial PPA electricity price to the customer. If systems are eligible for Feed in tariffs these will be offered by the authorised retailer directly to the customer.

16. **Energy efficiency.** The Energy Lease PPA only relates to solar power usage. However, most Energy Lease distributors offer a full solution that incorporates advice and the supply and installation of other energy efficient technology. The combined benefit of this is to reduce the customer's overall cost of power.

17. **Connection of the panels.** Energy Lease in conjunction with our distributors will ensure that the system is grid connected.

18. **Maintenance and repair.** Energy Lease will have maintenance and repair arrangements with our distributors for the duration of the PPA. Output of the PV system will be monitored monthly to ensure production is in line with expected output.

19. **Termination.** Customers can terminate the PPA during the first 10 days cooling off period without penalty. Customer can also terminate the PPA at any time throughout the contract at a price outlined in the contract. The price is dependent on the number of years remaining on the contract. If the customer moves premises, the new tenant or landlord has the opportunity to take over the remainder of the PPA or purchase the system outright. Residential customers may also be able to terminate the contract early by paying for the removal of the system and delivering to Energy Lease.

20. **End of Term.** Ownership of the PV system at the end of the PPA is transferred to the customer. In addition, the customer can choose to renew the agreement (including monitoring and maintenance).

Additional information for consideration

Energy Lease' interpretation of exempt selling occurs where *persons, businesses or other entities are exempt from having to hold a retailer authorisation and certain tests apply namely:*

1. We are not removing the customer's choice of retailer, and we are not creating a network.
2. We are not being a retailer for their primary supply requirements.
3. We know that the PV system only provides part of their energy needs.
4. We are not guaranteeing supply.

An individual exemption is more appropriate than a retailer authorisation with respect to Energy Lease's operations for the following reasons:

(1) The 'power purchase' model is a novel way of retailing energy, which is relatively new to the Australian market. It does not fit with the Retail Energy Legislation or the categories of exemption. The grant of an individual exemption with agreed conditions will enable the power purchase model to develop, at the same time it is assessed to determine its place in the market, and whether an authorisation is required, or new type of authorisation should be implemented.

(2) Energy Lease is a new entrant in the retail energy market (albeit with significant in-house experience and expertise in asset financing, wholesale markets and environmental markets). The requirements of a Retail authorisation are onerous and at this stage of its operations, Energy Lease does not have the resources to meet these requirements.

The purpose of the retail energy customer framework is to regulate the energy market and protect energy consumers. Under the power purchase model, customers are required to have an electricity supply agreement in place with an authorised retailer. The customer's interests are already protected by their agreement with their retailer. Furthermore, the PPA has been drafted with the retail energy legislation in mind, and is compliant with state home building legislation, and Australian Consumer Law.