

Application for Individual Retail Exemption

By ePho Asset Management Pty Ltd



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1 Introduction

This document constitutes the application for an individual retail exemption by ePho Asset Management Pty Ltd. It provides background information on the company, the rationale for the application, and information regarding the particulars in relation to the nature of the scope of the proposed operations.

1.1 Company Background and Primary Activities

ePho Asset Management Pty Ltd (ePho AM) is an Australian company and a sister company of ePho Pty Ltd (ePho). ePho's primary activity is the development, engineering, procurement, construction and commissioning of commercial solar systems. The solar systems are installed on roofs of commercial buildings or premises utilised predominately by small and medium size enterprises (SMEs). In some cases, ePho AM will manage the ownership of the solar systems installed by ePho. In these cases, ePho AM intends to sell the electricity generated by the solar systems (the Solar Electricity). Because ePho AM will keep the solar assets under its management, the company requires an individual retail exemption for sale of the electricity.

1.2 Company Details

Legal name	ePho Asset Management Pty Ltd
ABN	22 168 630 546
Registered address	1 / 68 Alfred Street, Milsons Point, NSW 2061
Main office address	1 / 16 Bungan Street, Mona Vale, NSW 2103
Postal address	PO Box 631 Mona Vale NSW 1660
Nominated contact	Dr Oliver Hartley Position: Managing Director Email: o.hartley@epho.com.au Phone: 0405 927 057

2 Retail Exemption

2.1 Rationale for exemption

The electricity demand of ePho AM's commercial clients will be supplied by the electricity network. The solar system managed by ePho AM will reduce this demand, but it is not intended to be the sole supplier of electricity for the commercial client. The client's primary source of electricity will continue to be the electricity grid. ePho AM does not, therefore, require a full retail authorisation and such an authorisation would not be adequate for the scope of business proposed. The scope of business does, however, not fall into one of the AER's classes of deemed or registrable class of exemptions. As a result, ePho AM is applying for an individual exemption.

2.2 Particulars in relation to the nature of scope of proposed operations

2.2.1 Type and number of clients

ePho AM will enter into power purchase agreements with a broad number of commercial clients. The typical small to medium sized enterprise client will be an owner / occupier of the building on which the commercial solar system is installed or the SME will be a long-term tenant of the building. In the latter case, ePho AM will have a Power Purchase Agreement (PPA) in place with the SME in regard to the sale of the Solar Electricity as well as an arrangement with the owner of the building with regard to the use of the roof for the installation of the solar system.

2.2.2 Address of sites

Solar systems will be installed on many different commercial sites within the States and Territories covered by the individual retail exemption.

2.2.3 Nature of business to be undertaken

ePho AM will sell the electricity generated by the solar systems to the client occupying the commercial premises on which the solar system is installed. ePho AM will be fully responsible for the maintenance and operation of the system as well as related monitoring and metering.

2.2.4 Form of energy in relation to the individual exemption

The client will purchase the electricity generated by the solar system as and when the system generates electricity. The purchase of Solar Electricity will be subject to a Power Purchase Agreement (PPA) between ePho AM and the client.

2.2.5 Aggregate annual output (TO BE REDACTED FOR COMMERCIAL CONFIDENTIALITY PRIOR TO PUBLICATION)

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2.2.6 Energy supply

Clients purchase the electricity generated by the solar system to off-set their demand from the electricity grid with the intention of reducing their electricity expenses. The clients will remain connected to the main grid at all times, and at no time will the clients be solely dependent on the power generated by the solar systems.

2.2.7 Contract of energy purchase

The client will have a PPA in place with ePho AM for the purchase of the Solar Electricity. For some clients ePho AM might also provide an electricity monitoring service as part of the PPA. ePho AM will not provide any other ancillary services. All other electricity, which the client requires to run their business, will be governed by a supply agreement between the client and an authorised electricity retailer. ePho AM does not intend to purchase electricity with the purpose of on-selling it to its clients.

2.2.8 Date of commencement

The sale of Solar Electricity shall commence as soon as possible after the registration of ePho AM's individual retail exemption.

2.2.9 Mailing address of sites

Not applicable

2.2.10 Current or previous experience in selling energy

ePho AM has not previously held a retail licence / authorisation or exemption and has no prior experience in selling electricity, however, the sale will be transparently governed by the PPA between the parties.

2.2.11 Arrangement for discontinuation of energy supply (TO BE REDACTED FOR COMMERCIAL CONFIDENTIALITY PRIOR TO PUBLICATION)

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2.2.12 Metering of electricity

The solar power system of each site will be individually metered using a type 4 metering arrangement which contains of an electronic meter capable of recording electrical energy consumption in market intervals in accordance with the National Electricity Rules. ePho AM will remotely read out the meters via a monitoring system that also reads out the inverters of the solar system. In regular intervals the electricity meters will be read manually on site as well to provide sense checks and back up readings.

The meter accuracy will comply with the National Measurement Act 1960 (Cth) requirements for electricity meters installed from 1 January 2013. The meters that ePho AM intends to use will conform with Australian Standard AS62053.21 and will be at least class 2 or better and will be a utility meter

There will be no physical presence required on the client's premises unless a system fault is detected.

2.2.13 Billing

ePho AM will issue invoices on a monthly basis stating the Solar Electricity generated in the previous month and the amount due under the power purchase agreement. The billing under the PPA will be entirely independent from the billing carried out by the authorised electricity retailer.

2.2.14 Energy Efficiency

The power purchase agreement between ePho AM and the client is entirely separate from any energy efficiency measurement the client takes. ePho will, however, be able to direct its clients to companies that can assist in energy efficiency measures.

3 Additional Information

3.1 Contractual arrangements

3.1.1 Connection and on-going operation of the solar system

Under the PPA the client is only obliged to pay for the Solar Electricity generated by the solar system. The connection of the solar system and on-going operation and maintenance is the sole responsibility of ePho AM. The client does not incur any costs associated with these activities

3.1.2 Financial resources to support ePho Asset Management (TO BE REDACTED FOR COMMERCIAL CONFIDENTIALITY PRIOR TO PUBLICATION)

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3.1.3 Fee structure

The fee charged by ePho AM to the client is purely based on the Solar Electricity generated. If the solar system fails to generate Solar Electricity, ePho AM will not charge the client any fees or other costs. The rate for the Solar Electricity is based on a range of factors such as competitive electricity rates from authorised electricity retailers, general return on investment, risk factors, installation costs, operation and maintenance costs and others.

3.1.4 Dispute resolution

Each PPA contains a schedule, which explicitly addresses any dispute resolution and the associated procedure. The procedure states how to claim a dispute, how to escalate a dispute, the related timeframes for each step, the right to refer a dispute to independent experts and finally the procedure on how to refer a dispute to arbitration.

3.1.5 Contract termination (TO BE REDACTED FOR COMMERCIAL CONFIDENTIALITY PRIOR TO PUBLICATION)

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3.1.6 End of contract arrangement

At the end of the term agreed in the PPA, the client has the option to purchase the solar system for a pre-determined residual value or to extend the term. If no agreement can be reached between the parties, ePho AM retains the right to remove the solar system from the premises.

3.1.7 Client's financial difficulties

If the client experiences financial difficulties and is not in a position to pay any amounts due, ePho AM will try to establish a payment plan with the clients. If this fails ePho AM will retain the right to discontinue delivery of Solar Electricity and eventually the right to remove the solar system from the premises. At no point in time will the client be without access to electricity from the grid.