

# **ELECTRICITY RETAIL LICENCE APPLICATION**

**FOR**

**TESLA ENERGY VENTURES AUSTRALIA PTY LTD**

**Status:** Public  
**Submission Date:** 27 November 2023  
**Regulator:** Essential Services Commission Victoria

## INTRODUCTION TO TESLA

### About Tesla

Tesla Inc. (“**Tesla**”) is a publicly listed company that trades on the NASDAQ stock exchange. As of the 1st of May 2023 Tesla, has a market capitalisation of over US\$500bn.

Tesla was founded in 2003 by a group of engineers who wanted to prove that people didn’t need to compromise to drive electric – that electric vehicles can be better, quicker and more fun to drive than petrol cars. Today, Tesla builds not only all-electric vehicles but also infinitely scalable clean energy generation and storage products. Tesla believes the faster the world stops relying on fossil fuels and moves towards a zero-emission future, the better. Launched in 2008, the Roadster unveiled Tesla’s cutting-edge battery technology and electric powertrain. From there, Tesla designed the world’s first ever premium all-electric sedan from the ground up – [Model S](#) – which has become the best car in its class in every category. Combining safety, performance, and efficiency, Model S has reset the world’s expectations for the car of the 21st century with the longest range of any electric vehicle, over-the-air software updates that make it better over time, and a record 0-60 mph acceleration time of 2.28 seconds as measured by Motor Trend. In 2015, Tesla expanded its product line with [Model X](#), the safest, quickest and most capable sport utility vehicle in history that holds 5-star safety ratings across every category from the National Highway Traffic Safety Administration. Completing CEO Elon Musk’s “[Secret Master Plan](#),” in 2016, Tesla introduced [Model 3](#), a low-priced, high-volume electric vehicle that began production in 2017. Soon after, Tesla unveiled the safest, most comfortable truck ever – [Tesla Semi](#) – which is designed to save owners at least \$200,000 over a million miles based on fuel costs alone. In 2019, Tesla unveiled [Model Y](#), a mid-size SUV, with seating for up to seven, and [Cybertruck](#), which will have better utility than a traditional truck and more performance than a sports car.

Tesla vehicles are produced at its factory in Fremont, California, and Gigafactory Shanghai. To achieve our goal of having the safest factories in the world, Tesla is taking a proactive approach to safety, requiring production employees to participate in a multi-day training program before ever setting foot on the factory floor. From there, Tesla continues to provide on-the-job training and track performance daily so that improvements can be made quickly. The result is that Tesla’s safety rate continues to improve while production ramps.

To create an entire sustainable energy ecosystem, Tesla also manufactures a unique set of energy solutions, [Powerwall](#), [Powerpack](#) and [Solar Roof](#), enabling homeowners, businesses, and utilities to manage renewable energy generation, storage, and consumption. Supporting Tesla’s automotive and energy products is [Gigafactory 1](#) – a facility designed to significantly reduce battery cell costs. By bringing cell production in-house, Tesla manufactures batteries at the volumes required to meet production goals, while creating thousands of jobs. And this is just the beginning. With Tesla building its most affordable car yet, Tesla continues to make products accessible and affordable to more and more people, ultimately accelerating the advent of clean transport and clean energy production. Electric cars, batteries, and renewable energy generation and storage already exist independently, but when combined, they become even more powerful – that’s the future we want.

## Tesla in Australia

Tesla Motors Australia Pty Ltd ('TMA') is a wholly owned subsidiary of Tesla and has operating in Australia since 2016. TMA incorporates Tesla's established energy products and its vehicle business.

Tesla Energy Ventures Australia Pty Ltd ('TEVA') is a newly established company that operates alongside and with the support of Tesla Motors Australia. Tesla Motors Australia has been operating energy retail products in the Australian energy market since 2019 with the goal to save customer's money, increasing the uptake of renewables while maintaining stability in the energy grid.

Tesla is committed to delivering on a fully sustainable residential ecosystem, engaging our customers to take part in the energy transition. By becoming an energy retailer, TEVA will be able to bring innovative customer propositions to market off the back of its sustainability and technology-driven capabilities.

Tesla track-record in successfully and safely deploying large-scale batteries both globally and within the Australian market is unrivalled, with more than 1GWh deployed in the National Energy Market (NEM) and/or under construction/awarded and over 220MW of Tesla BESS assets currently registered to provide contingency and/or regulation frequency services. Our battery technology has proven capabilities providing grid support services under network contingency contracts, most notably with:

- the Hornsdale Power Reserve (**HPR**) <https://hornsdalepowerreserve.com.au/> as contracted under the System Integrity Protection Scheme (SIPS) in South Australia; and
- Victorian Big Battery (**VBB**) <https://victorianbigbattery.com.au/> to provide grid stability

At the residential level, Tesla has deployed thousands of Powerwall systems in households across Australia, most prominently in South Australia through the flagship South Australian Virtual Powerplant

[https://www.tesla.com/en\\_au/sa-virtual-power-plant](https://www.tesla.com/en_au/sa-virtual-power-plant) and TEVA Plan, which now spans across New South Wales, Australian Capital Territory, Queensland and South Australia as well as Victoria. Plan, which now spans across New South Wales, Australian Capital Territory, Queensland and South Australia as well as Victoria. Tesla is also a technology provider for VPP programs for other electricity retailers, namely AGL and Simply Energy.

Tesla prior to this application has developed with its partners which include the CEFC, ARENA, SA Government and Energy locals an energy retail product for public housing, which entails the sale of electricity paired with Tesla Powerwall and solar PV system as part of a Virtual Power Plant ('VPP'). When a customer joins the VPP, their system is managed by Tesla as part of a network of homes, to support the electricity network by providing essential grid services while also rewarding customers.

Currently, Tesla's SA VPP and TEP offerings are made available to retail customers through Energy Locals Pty Ltd ACN 606 408 879 ('**Energy Locals**'). With this application TEVA is seeking to obtain an electricity retail licence to sell electricity in Victoria to Victorian consumers.

To continue to grow the VPP and other retail offerings into the market TEVA sees this as an opportune time to become a retailer and to continue to bring new offers to market.

## 1. General Information – The Applicant

Required information	Response from TEVA
<b>1.1 Legal name of applicant</b>	Tesla Energy Ventures Australia Pty Ltd ( <b>TEVA</b> )
<b>1.2 Legal identity of applicant</b>	<p><b>ABN:</b> 24 665 982 365</p> <p><b>ACN:</b> 665 982 365</p> <p>Type of entity: Australian proprietary company limited by shares.</p> <p>The applicant is a proprietary limited company incorporated under the Corporations Act and is not immune from suit under the Electricity Industry Act 2000.</p>
<b>1.3 Contact details and address of the applicant</b>	<p><b>Address:</b></p> <p>Level 23, 525 Collins St Melbourne VIC 3000</p> <p><b>Nominated Contact:</b></p> <p><b>Name:</b> Ben Redmond</p> <p><b>Position:</b> Snr Manager Business Operations - APAC</p>
<b>1.4 Diagram of corporate and organisational structure</b>	<p>Please see attached for diagrams of:</p> <p>(a) Corporate structure (including any parent and related companies within the meaning of the <i>Corporations Act 2001</i> (Cth)) (<b>Annexure A2</b> - Tesla Group Structure Diagram)</p> <p>(b) Organisational chart (including composition of the board, management, and other key personnel responsible for the key functions). (<b>Annexure A3</b> - Tesla Organisational Structure Diagram)</p>
<b>1.5 The licence</b>	<p>Date from which licence is sought: 1 January 2024</p> <p><b>Nature and scope of operations:</b></p> <p>TEVA intends to retail to customers whose aggregate consumption, per annum, at a supply point is or is likely to be up to 160MWh of electricity.</p> <p>TEVA will sell electricity that is sourced from the NEM, as would a typical electricity retailer, to customers who have existing Tesla products such as a Powerwall battery. With the customer's consent, TEVA will operate the Powerwall batteries so as to maximise</p>

	<p>revenue from ‘grid services’ including frequency control.</p> <p>Consequently, TEVA will be able to offer competitive products that not only benefit its customers but also increase the stability of the wider distribution system. Customers of TEVA will enjoy all of the protections that they would with any other licensed retailer.</p> <p>Customers will, at all times, be grid connected meaning they are supplied with electricity from the NEM.</p> <p>TEVA, via TMA and Tesla, has substantial experience in the utilisation of distributed battery storage technology to offer ‘grid services’ and to manage wholesale level exposure. Managing wholesale level exposure allows us to minimise our cost to serve – translating into lower tariffs. Revenue will be derived from the operation of the relevant batteries.</p>
<p><b>1.6 Involvement of third parties with application</b></p>	<p>This application was prepared with the assistance of Compliance Quarter. Compliance Quarter assisted in the preparation of this application with analysis of the application requirements, and with drafting and reviewing various documentation.</p>

## 2. Technical capacity

### 2.1 Experience and knowledge of the industry

Please find information on the experience and knowledge of the applicant in response to the questions raised by the ESC below.

#### 2.1.1 General

TEVA is a newly established entity that is part of an established and globally recognised energy leader. It leverages the skills, experience, and relationship with other entities within the Tesla Group and draws on the experience of its staff and contractors and partnership relationships with energy retailers in the field.

Day-to-day operation and customer service functions (*inter alia*), will be carried out by TEVA and TMA. TEVA has access to various resources, including staff of TMA, under the Shared Services Agreement (**Annexure C8**). The experience of relevant staff is set out in the key personnel summary (**Annexure A4**).

TEVA has access to the personnel of Tesla Motors Australia as a result of the services agreement in place between the entities. Both entities are part of Tesla, and the use of staff and resources from one entity within a group is a common arrangement within large companies. The Shared Services Agreement establishes a contractual link between the two entities in relation to TEVA's energy retailing business.

TEVA will utilise relevant employees in the operation and management of its business including in relation to:

- **Financial management:** oversight of the financial management of the business and wholesale and risk management positions. TMA has a very experienced and capable financial management team.
- **Customer management:** TEVA will utilise digital solutions to provide customers with a seamless experience and access to their account details. TEVA will build on its existing team and the capacity of the TMA team pursuant to the Shared Services Agreement in place between the entities. Where desirable, TEVA will engage with subject matter experts, including in relation to family violence, to ensure that the customer management team have the best training possible to fulfil their roles.
- **Wholesale risk management:** TMA, as noted above, has successfully developed its VPP program and has participated in the retailer reliability obligation. Tesla plans to manage wholesale market risks, including price and residual risks, as set out in the Attached TEVA Wholesale Risk Strategy (**Annexure C13**).

Wholesale risk management will be overseen by the Director, Energy Software & Market Participation.

- **Market Transactions:** With experience in the use of market systems and interfaces, TEVA will utilise TMA staff in market transactions in MSATs including B2B transactions in compliance with the NEL, NEL and

AEMO procedures.

### Tesla's application for a retail licence

TEVA's application is that it will act as a stand-alone energy retailer. The capacity of TEVA is further explained in the application. The relationship between TMA and TEVA is further explained in this application. Please refer below for further detail.

#### **2.1.2 Systems, processes and procedures**

TEVA has developed a comprehensive suite of policies and procedures to ensure effective and efficient operations of the business. TEVA's Obligations Register sets out methods the business will employ to monitor and implement compliance (**Annexure B7**): Please refer to the following annexures:

- **Annexure B2-TEVA** - Retail Compliance Policy
- **Annexure B4-TEVA** - Third Party Management Policy
- **Annexure B5-TEVA** - Risk Management Plan
- **Annexure B6-TEVA** - Risk Register
- **Annexure B7-TEVA** - Obligations Register
- **Annexure B8-TEVA** - Complaints and Dispute Resolution Procedure
- **Annexure B9-TEVA** - Human Resources Policy
- **Annexure B10A-TEVA** - VIC Customer Hardship Policy
- **Annexure B11A-TEVA** - VIC Family Violence Policy
- **Annexure B13-TEVA** - Compliance Reporting checklist
- **Annexure B15A-TEVA** - VIC Retailer website checklist
- **Annexure B16-TG** - Audit Committee Charter
- **Annexure B17-TG** - Code of Business Ethics
- **Annexure B18-TG** - Code of Business Conduct and Ethics (AU and NZ)
- **Annexure B19-TG** - Confidentiality Policy
- **Annexure B20-TG** - Corporate Governance Guidelines
- **Annexure B21-TG** - Global Privacy Policy
- **Annexure B22-TG** - Customer Privacy Notice
- **Annexure B23-TG** - Global Information Security Policy
- **Annexure B24-TG** - Insider Trading Policy
- **Annexure B25-TG** - Whistleblowing Policy
- **Annexure B26-TEVA** - VIC Life Support Policy

- **Annexure B27-TEVA** - VIC Disconnection Checklist
- **Annexure B28-TEVA** - VIC Explicit Informed Consent Checklist
- **Annexure B29-TEVA** - VIC Privacy Obligations Victorian Energy Retailers
- **Annexure B30-TEVA** - VIC Energy Invoice Requirements – Victorian Retailers
- **Annexure B31-TEVA** - VIC Complaints and Dispute Resolution Obligations – Victoria
- **Annexure B32-TEVA** - VIC Retail Compliance Reporting Procedure – Victoria
- **Annexure B33-TEVA** - VIC Checklist for Energy Bills

<p>General</p>	<p>TEVA is a newly established entity that is part of an established and globally recognised energy leader. It leverages the skills, experience, and relationship with other entities within the Tesla Group and draws on the experience of its staff and contractors, and partnership relationship with energy retailers in the field.</p> <p>Day-to-day operation and customer service functions (<i>inter alia</i>), will be carried out by TEVA and TMA. TEVA has access to various resources including staff of TMA under the Shared Services Agreement (<b>Annexure C8</b>). Experience of relevant staff is set out in the key personnel summary (<b>Annexure A4</b>).</p> <p>TEVA has access to the personnel of Tesla Motors Australia as a result of the services agreement in place between the entities. TEVA will utilise relevant employees in the operation and management of its business including in relation to:</p> <p><b>Financial management:</b> oversight of the financial management of the business and wholesale and risk management positions. TMA has a very experienced and capable financial management team.</p> <p><b>Customer management:</b> TEVA will utilise digital solutions to provide customers with a seamless experience and access to their account details. TEVA plans to develop an Australian customer service team. That team will receive training on the Australian regulatory requirements focusing on key areas including customer hardship and family violence. Such training is being developed by Compliance Quarter and will be provided virtually and online. Where desirable, TEVA will engage with subject matter experts, including in relation to family violence, to ensure that the customer management team have the best training possible to fulfill their roles.</p>
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	<p><b>Wholesale risk management:</b> TMA, as noted above, has successfully developed its VPP program and has participated in the retailer reliability obligation.</p> <p>Tesla plans to manage wholesale market risks, including price and residual risks as set out in the Attached TEVA Wholesale Risk Strategy (<b>Annexure C13</b>).</p> <p><b>Market Transactions:</b> With experience in the use of market systems and interfaces, TEVA will utilise TMA staff in market transactions in MSATs including B2B transactions in compliance with the NEL, NEL and AEMO procedures.</p> <p><b>Tesla's application for a retail licence</b></p> <p>TEVA's application is that it will act as a stand-alone energy retailer. The capacity of TEVA is further explained in the application. The relationship between TMA and TEVA is further explained in this application.</p>
<p><b>Details of the relevant systems and processes that the applicant will use. In providing those details include:</b></p>	
<p>a) market to customers</p>	<p>Analysis has been undertaken as to the regulatory requirements for marketing to Victorian consumers. Marketing will primarily occur to existing Tesla customers i.e. those with Powerwall installed. From a systems perspective, TEVA will utilize its mobile application and its CRM system (used globally). These systems will assist in ensuring compliance with marketing obligations including in relation to the presentation of clear and accurate advice, with detail on offers.</p>
<p>a) bill customers</p>	<p>TEVA has undertaken significant work to map out all obligations in relation to billing customers in Victoria in compliance with the Energy Retail Code of Practice. The billing system has been developed in-house and will be customized to ensure that it complies with the Victorian framework. Focus has been on key areas of regulatory risk in relation to billing including payment plans, undercharging and overcharging, payment methods, and bill contents.</p> <ul style="list-style-type: none"> <li>• <b>Annexure B33</b> – VIC Checklist for Energy Bills</li> <li>• <b>Annexure B30</b> – VIC Energy Invoice Requirements</li> </ul>
<p>a) manage connection and disconnection processes</p>	<p>TEVA will manage market facing processes via its internal CRM system that will be connected to the relevant AEMO interfaces. The system will ensure that connections and disconnections are processed in accordance with regulatory obligations and relevant provisions of the Energy Retail Code of Practice (<b>'ERCOP'</b>) and the Electricity Industry Act. Disconnection for non-payment is an absolute last resort</p>

	<p>and these will not be able to be processed without various checks being completed and review being undertaken by senior managers.</p> <p>Please refer to <b>Annexure B27</b> – VIC Disconnection checklist.</p> <p>Please refer to <b>Annexure B7</b>- Obligations register including obligations in relation to connection and disconnection and measures employed to monitor.</p>
a) manage dispute resolution	<p>Disputes will be managed in accordance with TEVA’s Complaints and Dispute Resolution Procedure. Disputes will be tracked and managed using the TEVA CRM system. Disputes between market participants will be managed in accordance with the ERCOP.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>• <b>Annexure B8</b> - Complaints and Dispute Resolution Procedure.</li> <li>• <b>Annexure B31</b> - VIC Complaints and Dispute Resolution Procedure</li> </ul>
a) manage customer complaints	<p>Complaints will be managed in accordance with TEVA’s Complaints and Dispute Resolution Procedure. Complaints will be tracked and managed using the TEVA CRM system. Any complaints will be tagged, and reports will be generated via the system.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>• <b>Annexure B8</b> - Complaints and Dispute Resolution Procedure.</li> <li>• <b>Annexure B31</b> – VIC Complaints and Dispute Resolution Procedure</li> </ul>
a) Comply with regulatory reporting requirements	<p>In compliance with regulatory reporting requirements, TEVA has implemented a robust set of systems and processes as outlined in our Retail Compliance Reporting Procedure. These are designed to ensure transparency, accuracy, and timeliness in our reporting obligations. The key components of our compliance framework include:</p> <ol style="list-style-type: none"> <li><b>1. Potential Breach Notification:</b> Staff are required to report potential breaches using the Potential Breach Notification template provided in Schedule A of our Retail Compliance Reporting Procedure. This ensures a structured and consistent approach to identifying and documenting compliance issues.</li> <li><b>2. Immediate Reporting to Compliance Manager:</b> Upon identification of a potential breach, the completed Potential Breach Notification form must be sent to the Compliance Manager on the same day.</li> <li><b>3. Monitoring Software:</b> All staff utilise monitoring software to report and record potential compliance breaches. This technology aids in the systematic capture and</li> </ol>

	<p>analysis of compliance data.</p> <p><b>4. Business Unit Manager Assessments:</b> Business Unit Managers conduct assessments to assist the Compliance Manager in identifying potential compliance breaches and training needs</p> <p><b>5. Compliance Committee Review:</b> The Compliance Committee, in consultation with the Compliance Manager, oversees the information gathering on any compliance breaches to produce required reports for submission to the ESC.</p> <p><b>6. Reporting Deadlines Adherence:</b> We strictly adhere to the reporting deadlines set out by the ESC Reporting Guideline, ensuring all reports are submitted within the specified timeframes.</p> <p><b>7. Annual and Type 1 and 2 Breach Reports:</b> Detail of all Type 1 and 2 breaches, along with any other breaches identified, is submitted annually to the ESC.</p> <p><b>8. Compliance Audits:</b> Regular internal audits are conducted by the Compliance Team, with results provided to the Board. This includes an examination of all areas of compliance with applicable energy laws and our internal procedures and policies.</p> <p><b>9. Continuous Training:</b> All staff receive initial and ongoing compliance training relevant to their positions, ensuring they are well-versed in the compliance procedures and the importance of adhering to them.</p> <p><b>10. Transparent Communication:</b> TEVA maintains open and transparent communication with regulatory bodies, promptly notifying them of compliance breaches and the steps taken to resolve such issues, as required by our procedures.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>• <b>Annexure B7</b> – Obligations Register.</li> <li>• <b>Annexure B13</b> – Compliance Reporting Checklist</li> <li>• <b>Annexure B32</b> – VIC Retail Compliance Reporting Procedure</li> </ul>
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**2.1.3 Business Plan**

<p>The proposed business strategy/plan and functions and how they will be resourced.</p>	<p>TEVA’s Business Plan (<b>Annexure C1</b>) contains information about sales and marketing strategy, revenue, costs, growth forecasts and estimated funding requirements. The Business Plan also provides details on strategy and analysis and how they will be resourced.</p>
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A financial model has been developed based on the Business Plan. The assumptions made for the forecasts are contained in the Financial Model (**Annexure C3**). Other revenue is the sum of 'in-front of the meter' revenue streams the Virtual Power Plant (the operation of the Powerwall batteries as described above). This includes market revenue streams of Contingency frequency control (**FCAS**) and Wholesale energy revenue (Trading surplus energy in the market at times of high price). It also includes 'non-market' revenue streams such as Fast-Frequency Response (**FFR**). These revenue streams are additional to the revenue streams traditionally available to energy retailers.

The component of the financial mode that is broadly classified as 'other revenue' is described in more detail in this document. For TEVA to obtain access to other revenue it will register and enter into relevant agreements with AEMO. Those are not currently in place as TEVA does not have existing customers. TMA has experience with each of these schemes and this is demonstrated, for example, by Tesla's successful participation in the SA Virtual Power Plant. Ultimately, the key to participation is an understanding of the energy market, experience in those schemes and the capacity to participate, all of which TEVA has (either directly or via TMA).

Our customers typically have large solar systems and use their battery to offset their load.

The business will operate from existing Tesla locations, and those costs will not be passed on to the applicant other than as set out in the model. The TEVA business model is an extension in some ways to the existing Tesla business in so far as it relates to energy. The fixed costs remain stable as they are set at a conservative level showing that the business can operate successfully. Costs relating to billing and legal fees decrease over time in our financial model as they are based on initial 'start-up' costs in relation to billing, i.e. customisation of the billing system and legal fees incurred in relation to drafting key documents, including customer agreements.

Wage costs are based on the Resourcing Model. Noting that we will have a Compliance Manager from day one.

The financial model incorporates the various scenarios and on the basis of the guaranteed amount the applicant is able to pass various stress tests. We also note

	<p>that the Australian Energy Market Operator publishes various forecasts in relation to consumption, demand, and pricing that indicate that the current conditions will continue.</p> <p>Details on how the business will resource its activities are set out throughout this application.</p>
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**2.1.4 Key employees**

<p>The experience and qualifications of relevant key employees who will manage those systems and processes.</p>	<p>TEVA has engaged individuals and suppliers with significant experience in the energy market who will manage the key systems and processes. Please refer to <b>Annexure A4 - Key Personnel - Summary</b> and <b>Annexure A5 - Key Personnel - CVs</b> for details of the experience of the senior leadership team. The key personnel are as follows:</p> <p><b>Australia Pacific</b></p> <ul style="list-style-type: none"> <li>• (Regional Manager/ Director – APAC)</li> <li>• (Senior Manager, Business Operations)</li> <li>• (Senior Manager Sales and Marketing)</li> <li>• (Finance Manager)</li> <li>• (Snr Policy Manager)</li> <li>• (Commercial Operations Manager)</li> <li>• (Snr Market Development)</li> </ul> <p><b>Headquarters</b></p> <ul style="list-style-type: none"> <li>• (Director, Energy Software &amp; Market Participation)</li> <li>• (Staff Policy Advisor)</li> </ul> <p><b>Actively Recruiting (Australia Pacific):</b> Compliance Manager. Refer to <b>Annexure A14</b>.</p> <p>As stated in TEVA’s Resourcing Plan (<b>Annexure A13</b>), in all cases, the business will hire ‘3-months’ in advance which means that it will commence hiring for positions needed 3 months in advance of that need. Therefore, customer growth will be closely monitored, and resourcing managed accordingly in line with our Resourcing Plan, Risk Management plan, Human Resources policy and Retail Compliance Policy.</p>
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	<p>The hiring of the applicant reflects its assessment regarding required capability, as noted above. The individuals hired or engaged by the applicant have worked in or for energy retailers and including in energy compliance and risk management. Recruitment of individuals has been guided by the Business Plan (<b>Annexure C1</b>) and the Risk Register (<b>Annexure B6-TEVA</b>).</p>
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### 2.1.5 Third Parties

<p>If the applicant will engage third parties to assist with the licensed activities, provide the following information in relation to each third party:</p> <ul style="list-style-type: none"> <li>i) The name of that third party</li> <li>ii) The scope of activities undertaken by the third party</li> <li>iii) Details and copies of any agreements for the provision of services</li> <li>iv) Details of the processes in place to ensure the third party comply with the licensee’s regulatory obligations</li> </ul>	<p><b>Compliance Quarter</b></p> <p>Compliance Quarter is an industry leading energy compliance consultancy business with clients both in Australia and Internationally. Compliance Quarter provides various services including regulatory updates, compliance management consulting, and assurance and review. Please refer to <b>Annexure A7</b> (Compliance Quarter – Agreement) which contains details re the scope of activities and <b>Annexure A8</b> (Compliance Quarter - Capability Statement) for details of the experience in the energy retail compliance space.</p> <p>TEVA will utilise the services of Compliance Quarter to ensure compliance with the Electricity Industry Act, the Energy Retail Code of Practice and Guidelines issued by the Commission. Via TMA’s existing experience in the Australian market and with the knowledge and capability of individuals such as Emma Fagan TEVA is capable of complying with the Victorian regulatory framework. Compliance Quarter will supplement this capability and our engagement is an indication of the commitment of the business to ensure that a robust and effective Compliance Management System is in place.</p> <p><b>Processes to ensure third-party compliance with TEVA’s regulatory processes</b></p> <p>All third parties selected are experts in their respective fields and have the technical capacity to meet relevant obligations. They have been carefully chosen to ensure that they have the necessary skills and experience to meet the requirements of the business. Their work will be overseen pursuant to the Third-Party Management Policy (<b>Annexure B4</b>) and the risk control measures explained in the Risk Register (<b>Annexure B6</b>).</p>
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	<p>The Third-Party Management Policy (<b>Annexure B4</b>) explaining the controls implemented by TEVA with respect to the engagement of third parties. This policy outlines the procedures and processes that TEVA has in place to ensure that all third-party engagements are conducted in a manner that is compliant with applicable laws and regulations and that all third-party relationships are managed in a manner that is consistent with TEVA's commitment to the highest standards of operations and ethical conduct and integrity.</p> <p>The policy also outlines the due diligence process that TEVA undertakes prior to engaging with any third party, including the assessment of the third party's financial and operational capabilities. In this way, the policy sets out how TEVA will engage with other parties as its business progresses.</p>
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**2.1.6 Service delivery and regulatory obligations**

<p>Details about how the applicant will balance service delivery with projected customer growth and practical steps it will take to meet relevant regulatory obligations.</p>	<p>As TEVA continues to grow and serve an increasing customer base, we are committed to maintaining the highest standards of service delivery while ensuring full compliance with all relevant regulatory obligations. Our approach to managing this balance is multifaceted and includes the following key strategies:</p> <ol style="list-style-type: none"> <li><b>1. Staff Training and Development:</b> We will continue to provide our staff with comprehensive training on our policies and procedures, including the Wholesale Risk Management Process, Life Support Policy, Customer Hardship Policy, and Family Violence Policy. This training ensures that our team is well-equipped to respond effectively to customer needs and regulatory requirements as our customer base grows.</li> <li><b>2. Robust Record-Keeping and Reporting Systems:</b> Our established policies, systems, and procedures are designed to manage record-keeping obligations efficiently. This includes maintaining and regularly updating registers, such as our life support customers register, and ensuring timely compliance reporting to the Essential Services Commission (ESC) as outlined in our Retail Compliance Reporting Procedure.</li> <li><b>3. Proactive Risk Management:</b> We will continue to monitor and</li> </ol>
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	<p>mitigate wholesale market exposure and customer-related risks. Our Risk Management Plan includes treatment plans for various risk levels and ensures that we are prepared to manage potential risks associated with customer growth.</p> <p><b>4. Technology and Infrastructure Investment:</b> To support our growing customer base, we will invest in technology and infrastructure that enhance our service delivery capabilities. This includes the implementation of systems that support efficient customer service management.</p> <p><b>5. Customer Support and Engagement:</b> We will maintain clear and open communication channels with our customers, providing them with easy access to our policies and support services. Our commitment to customer engagement is reflected in our policies, which outline the steps we take to support customers experiencing hardship or family violence.</p> <p><b>6. Continuous Improvement:</b> We will regularly review and update our policies and procedures to reflect changes in regulatory requirements and best practices. Our version control processes ensure that our documentation is current and that we are always operating in line with the latest regulations.</p> <p><b>7. Compliance and Monitoring:</b> All staff will have access to the Compliance Manager and are required to report any suspected breaches of compliance. Regular assessments and audits will be conducted to identify potential compliance breaches and to ensure that our compliance program is effective.</p>
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**2.2 Risk management**

<p>Provide confirmation and evidence that the applicant has identified the risks associated with energy retail operations – this includes identifying the risks that are inherent in the applicant’s proposed business and determining the likelihood of occurrence and impact to produce a ‘risk map’.</p>	<p>TEVA has established a comprehensive Risk Management Plan as outlined in the document 'B05-TEVA Risk Management Plan'. This plan includes a systematic process for risk identification, analysis, evaluation, and treatment, which is integral to our business planning and decision-making processes. The Risk Management Plan is designed to create and protect value in TEVA’s electricity retail business and to ensure sustainability while safeguarding our assets, infrastructure, people, finances, and reputation.</p>
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	<p>A key component of our risk management framework is the Risk Register, which is maintained and regularly reviewed as part of our commitment to effective risk management. The Risk Register includes a detailed risk assessment for each identified risk, documenting the controls in place, and assigning a risk rating based on the likelihood and consequence of occurrence. This risk rating is determined using the Controls Rating Table and Risk Consequence Rating Table as referenced in our Risk Management Plan.</p> <p>TEVA conducts monthly reviews of TEVA's rolling 2-5-year forecast of net wholesale market exposure, as detailed in the 'TEVA Wholesale Risk Strategy' document (<b>Annexure C13</b>). This review process includes an assessment of the current risk environment and the effectiveness of existing controls, ensuring that risks are appropriately identified, monitored, and mitigated in line with the company's risk appetite. Please see <b>Annexure B5-TEVA - Risk Management Plan</b> and <b>Annexure B6-TEVA - Risk Register</b>.</p>
<p>Provide evidence that the applicant has established, utilised and relied upon risk management systems and processes which are adequate, accurate and current to address those risks.</p>	<p>Tesla Energy has established a comprehensive risk management framework that is both adequate and current, as evidenced by our adherence to the AS ISO 31000:2018 Risk Management – Guidelines. Our risk management processes are deeply integrated into our strategic and operational planning, ensuring that risk considerations are central to decision-making across the organisation.</p> <p>Our Risk Management Plan, as detailed in document 'B05-TEVA Risk Management Plan', outlines a systematic approach to risk management. This includes the identification, analysis, evaluation, treatment, monitoring, and review of risks. We maintain a Risk Register that is regularly updated to reflect any changes in our operating environment or service offerings, ensuring that our risk management systems remain accurate and current.</p> <p>Furthermore, we have implemented a continuous monitoring</p>

	and review process, as described in the 'B05-TEVA Risk Management Plan'. This involves ongoing inspections, reports, self-assessments, and audits to assess the achievement of the framework's objectives.
Provide a copy of the applicant's risk management strategy/framework. A statement should also be provided (or supporting document must make it clear) whether the strategy/framework has been developed in line with any Australian or International Standard (for example, ISO 31000:2018	TEVA's risk management strategy/framework is contained on the Risk Management Plan ( <b>Annexure B5-TEVA</b> ). The Plan covers compliance, operational and financial risks, and is regularly reviewed and updated to ensure it is relevant and effective. TEVA has used AS ISO 31000:2018 Risk Management – Guidelines as a reference point in developing the risk management framework in this Plan. The Plan is supported by the Risk Register ( <b>Annexure B6-TEVA</b> ), which contains a more granular analysis of the risks and impacts.
Provide a copy of a risk register that identifies risks, controls and mitigations.	A copy of a risk register that identifies risks, controls and mitigations can be found in <b>Annexure B6-TEVA - Risk Register</b> .
Provide a copy of a detailed risk appetite statement articulating how much risk is acceptable to the applicant across key risk areas	TEVA will have no appetite for taking any risks that may result in consumer harm or disadvantage, including in relation to customers who are experiencing financial difficulties. TEVA will take a cautious approach in relation to the wholesale market. Its technological superiority and energy market experience will ensure that it operates effectively as a Victorian energy retailer. Please refer to <b>Annexure B5 - Risk Management Plan</b> and <b>Annexure C1 - Business Plan for TEVA's Risk Appetite Statement</b> .

## 2.3 Wholesale price risk management

Does the applicant have a plan to hedge part or all of the load? Describe the applicant's intended strategy in detail.	Please refer to the attached Wholesale Energy Risk Strategy Document (Annexure C13).
What proportion of the applicant's customer load is anticipated to be purchased from the electricity or gas spot markets? If the applicant is intending to purchase from the spot market, it must specify the forecast spot prices being used, the basis on which spot	<p>The majority of load is expected to be purchased from the electricity spot market, when excess retail solar export being insufficient.</p> <p>TEVA will address the wholesale price risk incurred through spot market trading by implementing a comprehensive risk</p>

prices are forecast and scenario analysis showing the impact of high, mid and low spot prices.	management framework utilising hedging as described above. We will also use market intelligence to identify and monitor market trends and develop strategies to capitalise on opportunities. Additionally, we will use our access to rich energy generation and consumption data using proprietary software to track and analyse our exposure to the spot market and develop strategies to minimize our risk.
Has the applicant made any preliminary arrangements or sought to obtain quotes to purchase hedging products? Provide details and evidence.	
Describe how far in advance the applicant intends to hedge its wholesale risk, including information about hedging six months, 12 months, 18 months and 24 months ahead of anticipated need to supply customers. Also outline what amount of forecast load it plans to hedge and what level of residual wholesale risk the applicant will take.	TEVA plans to use the following hedging methods: <ul style="list-style-type: none"> <li>- Distributed Powerwall energy storage and solar PV installations for retail load; and</li> <li>- Comprehensive risk management framework involving hedging for wholesale price risk from spot market trading.</li> </ul>
Describe how residual wholesale price risks will be mitigated.	As above
Which personnel in the applicant's business will be responsible for managing wholesale price risk? Outline their relevant experience in managing wholesale risks (including managing wholesale electricity and gas contracts and hedge products, where applicable).	Please refer to the attached CV (contained in <b>Annexure A5</b> ).

## 2.4 Dispute resolution

Documentation to demonstrate member of the Energy and Water Ombudsman (Victoria) (EWOV) or have approached EWOV about joining the scheme.	TEVA has approached the Energy and Water Ombudsman (Victoria) (EWOV) about <a href="#">joining the scheme</a> . Please see <b>Annexure A10</b> for a copy of communication with EWOV.
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## 2.5 Registration with the Australian Energy Market Operator

Advise if the applicant has or intends to register with the Australian Energy Market Operator (AEMO). If so, provide evidence of registration or exemption, or intending registration or exemption. If the applicant is not registering with AEMO, describe why that is the case.	TEVA has applied for registration with AEMO  Attached is the application to AEMO ( <b>Annexure A12</b> ).
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## 2.6 Licences held in other jurisdictions

If the applicant holds, or has previously held, electricity and/or gas licenses or authorisations in other jurisdictions provide details. If a licence or authorisation previously held has been suspended or cancelled, please provide details.	TEVA has a pending application lodged with the Australian Energy Regulator ( <b>AER</b> ) for a retailer authorisation. The applicant has not previously held any other such licences or authorisations nor have any been suspended or cancelled.
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## 2.7 Previous unsuccessful licence applications in other jurisdictions

Confirm whether the applicant has applied for an electricity or gas licence or authorisation in another jurisdiction and not been issued with a licence or authorisation, provide details.	There have been no instances of the TEVA applying for a licence in another Australian jurisdiction where such an application was unsuccessful.
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## 2.8 Licences held by associates of the applicant

If an associate (within the meaning of the Corporations Act 2001 (Cth) holds an electricity or gas licence in Victoria or in	No associate of TEVA within the meaning of the Corporations Act 2001 (Cth)) holds an electricity or gas licence in Victoria or in another Australian jurisdiction.
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another Australian jurisdiction, provide details.	
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## 2.9 Compliance management

<p>Provide evidence of compliance management which demonstrates how the compliance systems the applicant has (or will have) in place will ensure compliance with all the relevant regulatory obligations required by the retail licence.</p>	<p>TEVA is committed to achieving full compliance with its regulatory obligations as an energy retailer. We have developed a comprehensive Compliance Management Framework based on ISO 19600:2015 Compliance Management Systems - Guidelines. The Framework outlines our compliance governance, planning, support, operational, performance evaluation, improvement and communication processes.</p> <p>Key elements of our compliance management approach include:</p> <ul style="list-style-type: none"> <li>• Designating a Compliance Manager responsible for overseeing our compliance systems.</li> <li>• Conducting regular compliance risk assessments to identify our key obligations, risks and mitigation strategies. Our risk assessments consider impacts on customers and are informed by the Essential Services Commission's risk-based approach to compliance outlined in its Compliance and Enforcement Policy.</li> <li>• Developing and implementing compliance plans and procedures, including a Compliance Policy and Obligations Register.</li> <li>• Monitoring compliance through KPIs, internal audits, and issue management. We will report regularly to the ESC on our compliance performance as required.</li> <li>• Revising our compliance management framework based on issues identified, changes in obligations or better practice.</li> </ul> <p>Please see <b>Annexure B2-TEVA</b> - Retail Compliance Policy and <b>Annexure B32-TEVA</b> - VIC Retail Compliance Reporting Procedure for more information.</p>
Provide a copy of the applicant's compliance	TEVA has developed a Compliance Strategy following the

<p>management strategy. A statement should also be provided (or supporting document must make it clear) whether the strategy has been developed in line with any Australian or International Standard (for example, AS ISO 19600:2015).</p>	<p>guidance in AS ISO 19600:2015. It aligns with the Essential Services Commission's objectives to promote the long-term interests of consumers.</p> <p>The Strategy adopts a risk-based approach to prioritise key obligations regarding reliability, customer protections, dispute resolution, billing, marketing and other matters that could impact customers, as outlined in the ESC's Compliance and Enforcement Policy. It also considers the ESC's current compliance and enforcement priorities.</p> <p>Please see <b>Annexure B2-TEVA</b> - Retail Compliance Policy for more information.</p>
<p>Provide a comprehensive and detailed compliance register which outlines the applicant's:</p> <ul style="list-style-type: none"> <li>i) regulatory obligations;</li> <li>ii) source of each obligation;</li> <li>iii) key actions for ensuring compliance with each obligation; and</li> <li>iv) the personnel responsible for monitoring compliance.</li> </ul>	<p>TEVA has developed a detailed Obligations Register covering all applicable regulatory obligations. Given the detail of the register it does not allocate specific individuals for responsibility for each obligation and it should be read alongside the Compliance Policy.</p> <p>The Obligations Register aligns with the risk-based categorisation of obligations in our Compliance Strategy. It is a 'living document' that is continuously updated to reflect any changes to obligations or compliance activities. Responsible Executives provide regular attestations confirming compliance levels for their areas of responsibility.</p> <p>Please refer to <b>Annexure B7A-TEVA</b> - Obligations Register which contains a specific tab dedicated to Victorian obligations.</p>

## 2.10 Material agreements

<p>Provide copies of agreements entered into, or intended to be entered into, by the applicant that are material to the undertaking of the energy retail activity. Agreements that are material to the</p>	<p><b>Compliance Quarter</b></p> <p>Compliance Quarter is an industry leading energy compliance consultancy business with clients both in Australia and Internationally. Compliance Quarter provides various services</p>
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<p>undertaking of the energy retail activity may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>a) customer service and dispute resolution activities</li> <li>b) billing services</li> <li>c) metering data services</li> <li>d) compliance functions</li> <li>e) wholesale market management</li> <li>f) risk management services</li> <li>g) inter-company services.</li> </ul>	<p>including regulatory updates, compliance management consulting, and assurance and review.</p> <p>TEVA will operate as an authorisation holder and will be responsible for compliance with the <i>Electricity Industry Act 2000</i> and the <i>Energy Retail Code of Practice</i>. TEVA has attached a suite of compliance documentation demonstrating how it will comply with applicable obligations.</p> <p><b>Detail on the relationship between Compliance Quarter and TEVA.</b></p> <p>TEVA will utilise the services of Compliance Quarter to ensure compliance with the Electricity Industry Act 2000 and the Energy Retail Code of Practice, and various other ESC Guidelines and regulatory instruments.</p> <p>TEVA understands that the obligation to comply sits with the entity that holds an authorisation and the services provided by Compliance Quarter complement the capabilities within TEVA as explained in this application.</p> <p><b>TMA</b></p> <p>Via TMA's existing experience in the Australian market and with the knowledge and capability of individuals TEVA is capable of complying with the Electricity Industry Act 2000 and the Energy Retail Code of Practice, jurisdictional derogations and various other ESC Guidelines and regulatory instruments. Compliance Quarter will supplement this capability and our engagement is an indication of the commitment of the business to ensure that a robust and effective Compliance Management System is in place.</p> <p><b>Other agreements</b></p> <p>Attached is a draft Use of System Agreement between an</p>
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	<p>electricity distributor, Powercor Australia Ltd, and an electricity retailer in Victoria. The agreement sets out the terms and conditions under which Powercor will provide distribution services to the retailer in respect of the retailer's customers. The agreement covers matters such as: - The services Powercor will provide (e.g. distribution services, metering services) - Billing and payment - Information exchange - Customer transfers between retailers - Dispute resolution - Confidentiality - Representations, warranties and indemnities – Termination.</p> <ul style="list-style-type: none"> <li>• <b>Annexure A7</b> - Compliance Quarter – Third Party Agreement</li> <li>• <b>Annexure A8</b> - Compliance Quarter – Capability Statement</li> <li>• <b>Annexure C8</b> - Shared Services Agreement as between TEVA and TMA</li> <li>• <b>Annexure A11</b> - Sample Use of System Agreement</li> </ul> <p>The business has not entered into metering contracts as it does not hold a retail licence and it will do so in order to meter customers in compliance with the NER.</p>
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## 2.11 Policies

<p>Applicants proposing to retail energy to residential customers must provide a copy of a:</p> <ul style="list-style-type: none"> <li>a) Victorian financial hardship policy</li> <li>b) family violence policy</li> <li>c) life support policy.</li> </ul>	<p>Please find the following documents attached:</p> <ul style="list-style-type: none"> <li>• <b>Annexure B10A-TEVA</b> -VIC Customer Hardship Policy</li> <li>• <b>Annexure B11A-TEVA</b> - VIC Family Violence Policy</li> <li>• <b>Annexure B26-TEVA</b> - VIC Life Support Policy</li> </ul>
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## 2.12 Engagement with Energy Safe Victoria (gas retail applications only)

<p>For gas retail applications, provide details about the applicant's engagement with Energy Safe Victoria with respect to a gas</p>	<p>Not applicable – TEVA does not intend to retail gas.</p>
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safety case and any copies of correspondence.	
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## 2.13 Additional information

### TEVA’s response

TEVA’s management team has a long history of operating businesses in the highly regulated electricity sector, in which a high level of compliance awareness and management is necessary.

The Compliance Manager will be responsible for preparing and submitting compliance reports to the ESC as required, and will work with TEVA’s external legal advisors to ensure full compliance with all relevant obligations on an ongoing basis.

Compliance risk assessments will be conducted periodically and whenever there are:

- new or changed activities, products or services;
- changes to the structure or strategy of the business;
- significant external changes, such as financial-economic circumstances, market conditions, liabilities and client relationships;
- changes to compliance obligations; and
- non-compliance(s).

The compliance documentation discussed above provides for compliance measures that will enable TEVA to comply with each compliance obligation to which it is subject. In particular, the Compliance Register nominates a member of the compliance team to be responsible for the development of appropriate operational procedures, policies or other measures to ensure TEVA complies with these obligations at all times.

All TEVA staff and relevant service providers will be required to comply with the Retail Compliance Policy **(Annexure B2-TEVA)**.

Additionally, TEVA has a comprehensive Risk Management Plan which outlines the processes for identifying risk events. This includes conducting a risk assessment to identify potential risks, analysing the likelihood and impact of each risk, and developing strategies to mitigate or manage the risks. The policy also outlines the processes for monitoring and reporting on risk events, as well as the processes for responding to risk events. Finally, the policy outlines the processes for reviewing and updating the risk management policy on a regular basis to ensure that it

remains current and effective.

### 3. Financial viability

#### 3.1 Financial resources

We confirm that:

- a) the applicant is financially viable and has the financial resources to commence and sustainably operate the retail business; and
- b) the applicant will be a registered market participant with the Australian Energy Market Operator for its retail business and subject to prudential requirements under the National Electricity Rules.

#### 3.2 Supporting documentation

##### TEVA Annexures

To demonstrate TEVA has access to sufficient financial resources to support the planned retail operations, please refer to the annexed documents:

- **Annexure C4** - Consolidated Unaudited Group Financial Statements October 2022
- **Annexure C5** - Tesla Quarterly Report 2022
- **Annexure C6** - Audited Financial Report - Telsa Australia (FY2021)
- **Annexure C7** - Audited Financial Report - Telsa International (FY2021)
- **Annexure C8** - Shared Services Agreement as between TEVA and parent entity
- **Annexure C9** -Deed of Guarantee between TEVA and parent entity
- **Annexure C10** – Letter from Citibank
- **Annexure C12**- Attestation as to solvency

TEVA has ensured sufficient access to capital to operate a retail business on a day to day basis- please refer to the Financial Model (**Annexure C3**). Tesla's costs including Prudential requirements, Customer acquisition and servicing costs, Regulatory obligations, including environmental and green energy scheme costs, Wholesale and network costs are set out in the attached financial model. Tesla expects no Capital/debt costs or Procurement of assets costs.

<b>Provide the attachment reference for each document listed below and mark commercial-in-confidence where applicable:</b>	
Audited financial statements for the previous financial year or the past 12	Not Applicable – TEVA is a new entity registered on 27/02/2023, and no audited financial statements exist for the

months	entity.
Annual report	Not applicable – TEVA is a new entity registered on 27/02/2023 and has not produced an annual report
Guarantee in place	<p>TEVA is supported by Tesla Motors Netherlands under a Deed of Guarantee.</p> <p>TEVA has access to sufficient cash to cover operations over a 3+ year horizon so as to serve all existing and new customers.</p> <p>Please refer to <b>Annexure C9</b> - Deed of Guarantee as between TEVA and parent entity</p>
Shareholder register	Please refer to <b>Annexure A1</b> - ASIC Extract.
Statements from banks/financiers, shareholders, the board or parent company	Please refer to <b>Annexure C4</b> - Tesla Consolidated Unaudited Group Financial Statements Oct 2022
<p>Provide a statutory declaration by an officer of the company, disclosing:</p> <p>i. any material change in the financial position of the applicant that has occurred since the end of last financial year for which audited accounts are provided; and</p> <p>ii. any likely changes in the structure, operation or financing of the applicant or the licensed activity that could materially affect the applicant’s financial viability.</p>	Not applicable – TEVA is a start-up company
<p>Provide a five-year business plan. The business plan must demonstrate that the applicant meets the financial viability criterion. For example, it should provide information on (as applicable):</p> <p>i. current valuations of the assets that will be used in undertaking the licensed activity</p> <p>ii .all sources of revenues from the licensed activity</p>	Please refer to <b>Annexure C1</b> - Business Plan and <b>Annexure C3</b> - Financial Model (excel)

<p>iii. all costs involved in undertaking the licensed activity, including:</p> <ul style="list-style-type: none"> <li>A. the cost of meeting any prudential requirements</li> <li>B. the cost of capital/debt</li> <li>C. the cost to acquire customers</li> <li>D. the cost to serve customers</li> <li>E. the cost of meeting all relevant regulatory obligations, including environmental and green energy schemes (for example, Victorian Energy Upgrades).</li> <li>F. the cost of procuring assets</li> <li>G. wholesale costs.</li> </ul> <p>Where revenues and/or costs are not fixed by contract, the business plan must include an explanation of the basis of the figures used and include appropriate stress testing and sensitivity analysis for such variables.</p>	
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**Baseline business plan – financial model**

<p>a) Present financial information: profit and loss, cash flow and balance sheet statements, including five years of forecast data, shown in monthly increments. The information must correspond to the applicant’s business plan, and organisational and technical capacity.</p> <p>b) In presenting this information the applicant must also clearly set out the assumptions underlying the data, including customer acquisition numbers (shown in monthly increments), associated customer</p>	<p>Please refer to <b>Annexure C3</b> - Financial model.</p> <p>We confirm that this has been incorporated into the model. Sensitivity analysis is a key component of any financial model, as it allows us to understand how changes in certain assumptions can affect the overall outcome of the model. This is especially important when making decisions about investments, as it allows us to understand the potential risks and rewards associated with different scenarios. Sensitivity analysis can be used to identify potential areas of risk and reward, as well as to identify potential areas of improvement. It can also be used to evaluate the impact of different strategies on the overall financial performance of the model. Additionally, sensitivity</p>
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<p>load under POE50 demand conditions, and assumptions about the cost of debt.</p> <p>Customer load should be shown as forecast demand for each month, in Megawatt hours (MWh) for electricity and Gigajoules (GJ) for gas.</p>	<p>analysis can be used to compare different models and to determine which model is most likely to produce the desired results. Ultimately, sensitivity analysis is an essential tool for financial modelling and decision making.</p> <p>The financial model includes the following analysis:</p> <p><b>Cost to serve:</b> The model considers several factors under the cost to serve, including wholesale energy costs, network costs, environmental costs, bad debt, and wages. These costs (as a proportion of revenue) grow in line with the number of customers and the increase in energy consumption.</p> <p><b>Fixed costs:</b> The model includes various fixed costs such as billing system, compliance, rent, IT equipment, legal fees, accounting fees, utility fees, marketing, motor vehicle, insurance, and stationary and printing.</p> <p><b>Profitability:</b> The model shows a turnaround in profitability from month 4 onwards, with increasing net profit month by month.</p> <p><b>Tax workings:</b> The model calculates tax expenses.</p> <p><b>Energy consumption workings:</b> The model calculates the wholesale energy costs for both business and residential customers based on their energy consumption and the wholesale price per MWh.</p> <p><b>Customer numbers:</b> The model is based on a steady increase in the number of residential and business customers over the relevant period. As noted above, marketing and sales activities can be controlled by the business as required to ensure appropriate consideration is made for changes in the wholesale market. Approximately 20% of our customer base will be in Victoria.</p>
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	<p>The financial model includes forecast profit and loss, cash flow and balance sheet statements, including five years of forecast data, shown in monthly increments. The customer numbers are shown increasing on a monthly basis. The figures for total equity is equal to total assets less total liabilities (liabilities are negative figures).</p> <p>The costs modelled can either be based on a set \$/MWh basis or as a percentage of revenue. The Summary Page allows a user to select a scenario and the Scenario Manager Page allows a user to change the assumptions underlying the scenario.</p>
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**Stress test scenarios – financial model**

<p>Present the same financial information provided in the baseline business plan (profit and loss, cash flow and balance sheet statements) for five years, presented in monthly increments, for each of the scenarios listed below.</p> <p>i. The customer acquisition path is 50% lower than that specified in the baseline business plan. Hold all else equal.</p> <p>ii. The customer acquisition path is 200% higher than that specified in the baseline business plan. Hold all else equal.</p> <p>iii. Present financial information for the scenario where:</p> <p>a. the customer acquisition path is 200% higher than that specified in the</p>	<p>Please see <b>Annexure C3</b> - Financial Model</p>
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<p>baseline scenario; and</p> <p>b. for electricity, the wholesale electricity cost equals the Annual Average Volume Weighted Price (AAVWP<sup>1</sup>) for the preceding 12 months for the most expensive region</p> <p>c. for gas, the wholesale gas cost equals the highest financial year average cost in the preceding five years in the Declared Wholesale Gas Market (DWGM) or Short Term Trading Markets (STTM).</p>	
<p>a) Present financial information for the scenario where:</p> <p>i. the customer acquisition path is 200% higher than that specified in the baseline business plan; and</p> <p>ii. for electricity, the average wholesale electricity cost equals the ASX-traded Base Future Contract Price for contracts that are available over the next 12-month period (from the time the licence application is submitted to the commission).</p>	<p>Please see <b>Annexure C3</b> - Financial Model</p>

**4. Fit and proper person**

<p>Have any directors of the applicant, directors of any entity that can exert control over the applicant, or any person with significant managerial responsibility or influence on the applicant:</p> <p>(i) been declared bankrupt,</p> <p>(ii) had their affairs placed under administration,</p> <p>(iii) been disqualified from managing a</p>	<p>No – Not Applicable</p>
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<p>company,  (iv) been subject to debt judgements, or  (v) insolvency proceedings (including any administration, liquidation or receivership in connection with the affairs of a company)?</p>	
<p>Has the applicant, any directors of the applicant, directors of any entity that can exert control over the applicant or any person with significant managerial responsibility or influence on the applicant been prosecuted for any offences or had any enforcement action taken under any state, territory, Commonwealth or foreign legislation (including, but not limited to, the Competition and Consumer Act 2010 (Cth), Corporations Act 2001 (Cth), or the Australian Securities and Investments Commission Act 2001 (Cth))?</p>	<p>No – other than as set out below:</p> <p>On 12 October 2023, the Australian Competition and Consumer Commission (ACCC) announced that Tesla Motors Australia Pty Ltd has paid penalties of \$155,460 after the ACCC issued it with ten infringement notices for allegedly failing to comply with mandatory safety standards for products powered by button batteries, in breach of the Australian Consumer Law. Since the ACCC started investigating the issue, Tesla removed the products from sale and started testing them. The Model 3/Y and Model X key fobs have subsequently been found to comply. The applicant for a retailer licence, Tesla Energy Ventures Australia has developed comprehensive controls under its retail regulatory compliance program, and these are outlined within the licence application. The compliance issues that are identified above do not indicate in any way that Tesla Energy Ventures Australia is not a suitable entity to hold a retailer licence and both Tesla Energy Ventures Australia and Tesla Motors Australia are committed to compliance with all applicable regulatory obligations.</p>
<p>Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility or influence on the applicant been involved in any material breaches of obligations regulated by the commission or any other regulator?</p>	<p>No – Not other than as set out above.</p>
<p>Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility been under investigation in</p>	<p>No - Not Applicable</p>

relation to its regulatory obligations or is currently bound by an enforceable undertaking?	
Has the applicant, any related body corporate or any person with significant managerial responsibility or influence on the applicant, been refused a licence or authorisation, or had restricted, suspended or revoked any such licence or authorisation (in any jurisdiction)?	No - Not Applicable
Provide any other information the applicant considers is relevant to the commission's fit and proper person assessment	<p>Please find attached documents which are relevant to this component of the application:</p> <ul style="list-style-type: none"> <li>• <b>Annexure B2-TEVA</b> - Retail Compliance Policy</li> <li>• <b>Annexure B18-TG</b> - Code of Conduct and Ethics</li> </ul>
Is the applicant a resident of, or does it have permanent establishment in, Australia? If the answer is no, provide further details.	Yes, TEVA has permanent establishment in Australia.
<p>If any of the following apply, please provide details:</p> <p>i. the applicant is external administration (as defined in the Corporations Act 2001 (Cth)) or under a similar form of administration under any laws applicable to it in any jurisdiction; or</p> <p>ii. the applicant is not capable of being sued in its own name in a court of Australia.</p>	None of the above apply to TEVA.

## 5. Commission objectives

The applicant, TEVA, satisfies the commission that granting an electricity retail licence will promote the long-term interests of Victorian energy consumers and align with the commission's objectives.

TEVA will introduce new competition into the Victorian retail electricity market by offering innovative products enabled by the resources and experience of Tesla. This will place downward pressure on prices as retailers compete for customers.

TEVA will encourage the uptake of renewable energy and battery storage technology through product offerings, which will improve the reliability and security of supply over the long term. Customers will have more opportunities to manage their energy use and costs.

TEVA will introduce high quality customer service and digital experience, offering Victorian energy consumers more choice and control. TEVA aims to provide an outstanding customer experience with 24/7 support and insights to help customers better understand and manage their energy use.

In summary, TEVA will promote the long-term interests of Victorian energy consumers by:

- Increasing competition and placing downward pressure on prices
- Encouraging renewable energy and new technology uptake, improving reliability
- Delivering innovative products and high-quality customer service, improving quality.

Granting a retail licence to TEVA will benefit Victorian energy consumers consistent with the commission's objectives. TEVA seeks the opportunity to bring new competition and innovation to the Victorian energy market.

**6. Statutory declaration** <https://www.justice.vic.gov.au/justice-system/legal-assistance/information-for-authorised-statutory-declaration-witnesses>

I Josef Tadich of [REDACTED], Electrical Engineer and Executive, make the following statutory declaration under the ***Oaths and Affirmations Act 2018***:

- a) I am the director of Tesla Energy Ventures Australia Pty Ltd
- b) I believe Tesla Energy Ventures Australia Pty Ltd is financially viable, having adequate resources to commence and sustainably operate the retail business.
- c) Tesla Energy Ventures Australia Pty Ltd intends to register as a market participant with the Australian Energy Market Operator in relation to the activity of selling electricity.
- d) The information provided in the application (including any attachments) provided by Tesla Energy Ventures Australia Pty Ltd to the Essential Services Commission for an electricity retail licence is true and correct.

I declare that the contents of this statutory declaration are true and correct and I make it knowing that making a statutory declaration that I know to be untrue is an offence.

**Witness**

I am an authorised statutory declaration witness and I sign this document in the presence of the person making the declaration:

[full name and personal or professional address of authorised statutory declaration witness in legible writing, typing or stamp]

[qualification as an authorised statutory declaration witness]

A person authorised under section 30(2) of the ***Oaths and Affirmations Act 2018*** to witness the signing of a statutory declaration.

## ANNEXURE LIST

Annexure	Description	Confidential
<b>Operational and Technical</b>		
Annexure A1	ASIC Extract	Yes
Annexure A2	Tesla Group Structure Diagram	NO
Annexure A3	Tesla Organisational Structure	Yes
Annexure A4	Key Personnel - Summary	Yes
Annexure A5	Key Personnel - CVs	Yes
Annexure A7	Compliance Quarter – Third Party Agreement	Yes
Annexure A8	Compliance Quarter – Capability Statement	NO
Annexure A10	VIC Ombudsman membership inquiry communications	Yes
Annexure A11	Sample Use of System Agreement	Yes
Annexure A12	Application to AEMO for market customer status	Yes
Annexure A13	Resourcing Plan	Yes
Annexure A14	Compliance Manager Position Description	Yes
<b>Policies and Procedures</b>		
Annexure B1	External review of compliance and risk management	Yes
Annexure B2-TEVA	Retail Compliance Policy	NO
Annexure B4-TEVA	Third-Party Management Policy	Yes
Annexure B5-TEVA	Risk Management Plan	Yes
Annexure B6-TEVA	Risk Register	Yes
Annexure B7-TEVA	Obligations Register	Yes
Annexure B8-TEVA	Complaints and Dispute Resolution Procedure	NO
Annexure B9-TEVA	Human Resources Policy	Yes
Annexure B10A-TEVA	VIC Customer Hardship Policy	NO
Annexure B11A-TEVA	VIC Family Violence Policy	NO
Annexure B13 -TEVA	Compliance Reporting checklist	Yes
Annexure B15A-TEVA	VIC Retailer website checklist	Yes
Annexure B16-TG	Audit Committee Charter	Yes
Annexure B17-TG	Code of Business Ethics	Yes
Annexure B18-TG	Code of Business Conduct and Ethics (AU and NZ)	Yes
Annexure B19-TG	Confidentiality Policy	Yes
Annexure B20-TG	Corporate Governance Guidelines	Yes
Annexure B21-TG	Global Privacy Policy	Yes

Annexure B22-TG	Customer Privacy Notice	NO
Annexure B23-TG	Global Information Security Policy	Yes
Annexure B24-TG	Insider Trading Policy	Yes
Annexure B25-TG	Whistleblowing Policy	Yes
Annexure B26 -TEVA	VIC Life Support Policy	Yes
Annexure B27-TEVA	VIC Disconnection checklist - Vic	Yes
Annexure B28-TEVA	VIC Explicit Informed Consent checklist	Yes
Annexure B29-TEVA	VIC Privacy Obligations Victorian Energy Retailers	Yes
Annexure B30-TEVA	VIC Energy Invoice Requirements – Victorian Retailers	Yes
Annexure B31-TEVA	VIC Complaints and Dispute resolution obligations	Yes
Annexure B32-TEVA	VIC Retail Compliance Reporting Procedure -	Yes
Annexure B33-TEVA	VIC Checklist for Energy Bills	Yes
<b>Business Plan and Financial Information</b>		
Annexure C1	Business Plan	Yes
Annexure C3	Financial Model (excel)	Yes
Annexure C4	Consolidated Unaudited Group Financial Statements Oct 2022	Yes
Annexure C5	Tesla Quarterly Report 2022	Yes
Annexure C6	Audited financial Report - Telsa Australia (FY2021)	Yes
Annexure C7	Audited financial Report - Telsa International (FY2021)	Yes
Annexure C8	Shared Services Agreement as between TEVA and TMA	Yes
Annexure C9	Deed of Guarantee as between TEVA and parent entity	Yes
Annexure C10	Letter from Citibank	Yes
Annexure C11	Bank statements	Yes
Annexure C12	Letter attesting to solvency	Yes
Annexure C13	Wholesale Risk Strategy	Yes