

Application for a Licence to Sell Electricity in Victoria

Introduction

Acacia Energy Pty Ltd applies to the Essential Services Commission (ESC) under section 18(1) of the Electricity Industry Act 2000 (Vic) (Act) for the issue of a licence authorising it to retail electricity to large Commercial and Industrial (C&I) customers.

Applicant Details

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| Applicant | Acacia Energy Pty Ltd A copy of the Certificate of Incorporation is included in Public Attachment 1. A copy of the Company Constitution is included in Public Attachment 2. |
| ACN | 635 514 415 |
| ABN | 11 635 514 415 |
| Registered business address and postal address (if different) | Suite 1, 342 South Road Hampton East. VIC. 3188 |
| Contact person (name, title and contact details) | Stephen Thomson Chief Executive Officer Email: Phone: |

Application

| | |
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| Type of licence sought | Electricity Retail Licence Applicable to Large Customers (>160MWh/yr) only |
| Date of Application | 16 January 2020 |
| Date from which the licence is sought | 1/3/2020 |
| Nature and scope of operations for which the licence is sought | Acacia Energy is applying for a licence to sell electricity to large Commercial and Industrial (C&I) customers. |

ESC's Objectives

The ESC's objectives are:

Essential Services Commission Act 2001:

8. *Objectives of the Commission*

(1) *In performing its functions and exercising its powers, the objectives of the Commission is to promote the long term interests of Victorian consumers.*

- (2) *Without derogations from subsection (1), in performing its functions and exercising its powers in relation to essential services, the Commission must in seeking to achieve the objective specified in subsection (1) have regard to the price, reality and reliability of essential services.*

Electricity Industry Act 2000:

10. Objectives of the Office

The objectives of the Office under this Act are—

- (a) to promote competition in the generation, supply and sale of electricity;*
- (b) to ensure the maintenance of an efficient and economic system for the generation, transmission, distribution, supply and sale of electricity;*
- (c) to protect the interests of consumers with respect to electricity prices and the safety, reliability and quality of electricity supply;*
- (d) to facilitate the maintenance of a financially viable electricity supply industry.*

Acacia Energy will offer innovative electricity retail tariffs and custom energy management software to deliver low-cost, reliable electricity that will help customers become more competitive in their chosen markets.

Acacia Energy believes that its innovative electricity retail offers support both arms of the Essential Services Commission's objectives under the Essential Services Act 2001, as well as all four elements of the Commission's objectives under the Electricity Act 2000, for the following reasons:

- The introduction of new, innovative electricity offers into the competitive electricity market will increase competition amongst electricity retailers to provide greater value to customers in terms of the quality and price of the services offered.
- Energy management software will provide considerable alleviation to network demand and, therefore, deliver improvements to network reliability.

Large electricity customers will enjoy significant reductions in their energy costs which will provide greater free cash for economic growth of their businesses and the Victorian economy.

Financial Viability

Business Plan

See Confidential Attachment 1.

Statement of financial viability

Acacia Energy is financially viable and has the financial resources, and access to additional funding resources, sufficient to sustain the business it intends to develop and carry on under its licence to sell electricity.

Financial position

See Confidential Attachment 2.

Australian Financial Services Licence (AFSL)

See Confidential Attachment 3.

Credit support obligations

National Electricity Rules (Rules)

Acacia Energy has the financial resources, and access to additional funding resources, sufficient to meet the obligations it will have under the Rules to provide credit support to Australian Energy Market Operator (AEMO)

in respect of the electricity it purchases in the wholesale exchange operated by AEMO for on-sale to its customers.

Use of system agreements

Acacia Energy is currently in discussions with the relevant distribution companies regarding Use-of-System agreements.

Acacia Energy has the financial resources, and access to additional funding resources, sufficient to meet the obligations it will have under its use of system agreement with each Victorian electricity distributor to provide credit support to that distributor should it be required. in respect of the customers Acacia Energy will share with that distributor.

Technical Capability

Human Resources

Expertise, Knowledge and Skills of Key Personnel

Acacia Energy directors and senior managers are highly credentialed and experienced electricity industry professionals.

Richard Martin, Executive Chairman

Richard has had a distinguished international career developing, leading and advising businesses across Australia, South-East Asia and the Middle East. Richard has a passion for the environment and the agricultural sector. His engagement in the energy sector provides an intersection for this interest.

Richard founded AEES Group in 2014 to drive growth in the use of renewable energy resources and energy efficiency technologies, particularly where this drives energy efficiencies for commercial and industrial businesses.

Acacia Energy is a parallel business that provides further opportunity for businesses to reduce energy costs and reliance on fossil fuel sourced generation.

Countries that Richard has worked in include: South East Asia, UAE, Bahrain, Kuwait, Palestine, Jordan, Iraq, Turkey, Egypt, Sudan, Ethiopia, Sri Lanka, Solomon Islands and Papua New Guinea.

Stephen Thomson, Chief Executive Officer

Over the last 20 years Stephen has led major transformational programs and become a highly respected adviser to industry and government. Transformation programs Stephen has led include:

- Design and implementation of the customer transfer and settlements processes and system for the National Electricity Market.
- Design and implementation of the customer transfer and settlements rules and system for the SA and WA Gas Retail Market.
- Establishment of the market operator for the SA and WA Gas Retail Market.
- Co-Author of industry report to COAG Energy Council on consolidation of the Australian Gas Markets.
- Consolidation of the gas and electricity market operators to establish the Australian Energy Market Operator.
- Regulatory enablement of the deployment of smart metering technology and services in Victoria.
- Commercial, organisational and operational separation of a utility services business as a subsidiary company within a large utility infrastructure business.
- Design, implementation and accreditation of a start-up Metering business in the National Electricity Market.

Stephen is also an accomplished governance professional with experience on national committees and working groups, State appointed Committee of Management and boards.

Nick Caine, Advisory Board Member

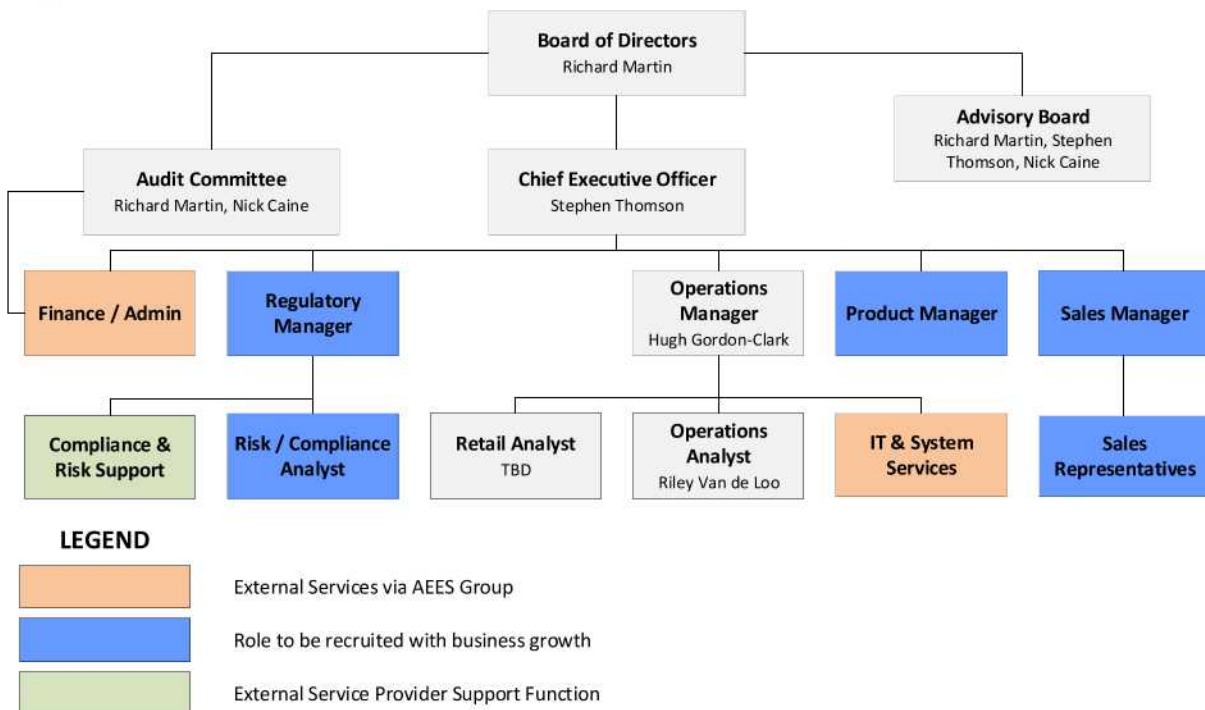
Nick has a career spanning almost thirty years in the highly regulated aviation sector, leading and driving growth in start-up, developing and established airlines. Driven by an entrepreneurial spirit, but on a platform of statutory and regulatory compliance, he has a passion for disruptive, yet controlled and compliant, business growth.

Nick studied accountancy at the University of Stirling and gained his professional accounting qualifications shortly thereafter. Working for some of the World’s leading airlines, Nick has a broad and deep working knowledge of a number of disciplines complementing his financial background, gained from working in commercial, operational and strategic roles in addition to his core financial responsibilities.

Countries in which he has lived and worked include Australia, the UK, Hong Kong, Switzerland, South Africa, Barbados, Vietnam and Fiji – in addition to many others for which he has had financial and regulatory responsibility throughout his career.

Curriculum Vitae are contained in Confidential Attachment 4.

Organisation Chart



Approvals

Licences under the Act and corresponding interstate legislation

Acacia Energy does not have any current or former licences under the Act nor under any corresponding interstate legislation nor do any associates of Acacia Energy.

Registration with AEMO

Acacia Energy has registered with AEMO as an intending Customer.

Acacia Energy has engaged with AEMO, and after it is granted a license to sell electricity, will be registered with AEMO as a Participant under section 11(4) of the National Electricity Law and clause 2.3.1 of the Rules.

Austraclear

Acacia Energy has organised its application to ASX for membership of Austraclear through which Acacia Energy will settle its purchases of electricity from AEMO. Once AEMO registers Acacia Energy as a Customer, this application will be completed.

Suppliers

AEMO

Acacia Energy is to be registered with AEMO as a Customer under section 11(4) of the National Electricity Law and clause 2.3.1 of the Rules. This will allow Acacia Energy to purchase electricity in the wholesale exchange, on behalf of its customers, operated by AEMO for on-sale to customers.

Electricity Purchasing Agreements

Acacia Energy is in preliminary discussions with counterparties to establish electricity purchasing agreements.

Victorian electricity distributors

Acacia Energy will enter into a Use of System agreement with each Victorian electricity distributor once the ESC grants Acacia Energy its license to sell electricity. Negotiations are well advanced.

Metering

Acacia Energy is in the process of engaging an authorised Metering Co-ordinator to arrange the provision, installation and maintenance of meters, and metering data for its customers.

Customer

Contracts

Acacia Energy has prepared contractual documentation for the sale of electricity to large business customers. See Confidential Attachment 5.

Complaints and dispute resolution

Acacia Energy has adopted a complaints and dispute resolution policy commonly found in large customer and service delivery contracts. See clause 37 of Confidential Attachment 5.

Internal controls, policies and procedures

Training and development

A copy of Acacia Energy's Staff Competence and Training Policy is included in Confidential Attachment 6.

Compliance

Acacia Energy has informed itself of all the obligations it will have under the Act and its licence to sell electricity and under the ESC's codes and guidelines. Acacia Energy adopts a rigorous compliance framework to ensure it can meet all of its regulatory obligations.

A compliance register which identifies

- i. key regulatory obligations,
- ii. the source of each obligation,
- iii. the key actions to be taken to ensure compliance, and
- iv. the principal personnel responsible for ensuring compliance

is included in Confidential Attachment 7.

Risk management

Acacia Energy operates a Risk Management Framework that complies with AS ISO 31000:2018.

A copy of the Risk Management Framework is included in Confidential Attachment 8.

A copy of the Risk Register is included in the Business Plan.

Privacy

A copy of Acacia Energy's Privacy Policy is included in Confidential Attachment 9.

Additional information

Capacity to operate a business

Acacia Energy's directors, senior managers and service providers have deep experience in the electricity industry that underpin its capacity to operate the following aspects of its business:

- Managing supplier contracts including settling electricity purchases in the wholesale exchange operated by AEMO through Austraclear;
- Managing customer contracts;
- Customer account establishment and management including creditworthiness checks through credit reporting agencies;
- Account management services;
- NEM transaction management, including web-based information portals/transactions; and
- Billing and collection.

Acacia Energy has adopted and will implement relevant operational policies and procedures, including those provided in the attachments, towards that end.

Capacity to comply with regulatory requirements

Acacia Energy's directors, senior managers and service providers have deep experience in the electricity industry that underpin its capacity to comply with regulatory requirements in the following aspects of its business:

- Provision of information to distributors;
- Meter reading;
- Provision of information to customers;
- Privacy and confidentiality management; and
- Customer information management,

Acacia Energy has adopted and will implement relevant compliance policies and procedures, including those provided in the attachments, towards that end.

Statutory declaration

See Confidential Attachment 10.

Public Attachments

1. Acacia Energy Certificate of Incorporation
2. Acacia Energy Constitution

Confidential Attachments

1. Acacia Energy Business Plan
2. Financial Position
3. Australian Financial Services Licence
4. Directors and Key Staff Competencies
5. Sample Customer Contract
6. Staff Competence and Training Policy
7. Compliance Management System
8. Risk Management Framework
9. Privacy Policy
10. Statutory Declaration