

Real Utilities Pty Limited

Level 2, 1C Homebush Bay Drive, Rhodes, NSW 2138

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## **Real Utilities Pty Limited**

Retail Licence Application

Electricity and Gas

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<b>Updated on</b>	March 2020
<b>Approved By</b>	Mr Paolo Bevilacqua, CEO

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## Introduction

This is an application by Real Utilities Pty Limited (ABN 97 150 290 814) (**RU**) for a Retail licence for the sale of electricity and gas in Victoria. RU is the energy arm of Frasers Property Australia Pty Limited (**FPA**) and will on-sell electricity and gas to consumers within embedded networks. RU has implemented strategies to ensure that consumers have a choice of electricity retailer and to ensure that consumer protections are maintained. RU has developed a unique customer proposition that will be attractive to consumers within embedded networks.

Documents clearly marked as ‘Commercial in Confidence’ do not form part of the public component of this application.

## 1. Section 1: Information on the Applicant and nature of the application

### 1.1 Information on the Applicant

**Legal name:** Real Utilities Pty Limited (**RU**).

**Trading name:** As above.

**ABN:** 97 150 290 814

**ACN:** 150 290 814

**Incorporation details:** Registered 6/04/2011  
Australian Proprietary Company Limited by shares  
Name changed from Australand Logistics No.5 Pty Limited to Real Utilities Pty Limited on 30 January 2017.

#### Registered

**business address:** Level 2, 1C Homebush Bay Drive, Rhodes, NSW, 2138

**Postal address:** As above.

**Contact person:** Name: Paolo Bevilacqua  
Position: CEO, RU  
Address: Real Utilities, Level 2, 1C Homebush Bay Drive, Rhodes, NSW 2138.  
Email: [REDACTED]  
Mobile: [REDACTED]  
Office: [REDACTED]

**Form of energy:** Electricity and Gas

#### Nature and scope of proposed operations:

RU intends to supply customers who access electricity from embedded networks at sites developed by FPA (**Sites**).

**Jurisdictions:** Victoria

**Type of customers:** The customers at the Sites will be predominantly residential, with only a small number of small retail customers and large commercial customers. There will be a mixture of customers who both own and or are renting (under residential or retail tenancy).

### 1.1.1 Group structure

RU is a wholly owned subsidiary of Frasers Property Australia (**FPA**) which is the Australian division of Frasers Property Limited (**FPL**). Further information on FPL is provided below.

The primary business of FPA is the development of residential land, housing and apartments, commercial, retail and industrial properties, investment property ownership and management, and property management. FPA has over 90 years of heritage in Australia.

FPL is a full-fledged international real estate company and one of Singapore's top property companies with total assets of 38 billion SGD as at 31 December 2019.

FPL has three strategic business units – Singapore, Australia and Hospitality – which focus on residential, commercial, retail and industrial properties in Singapore and Australia, and the hospitality business spanning more than 80 cities across Asia, Australia, Europe, and the Middle-East. FPL also has an International Business unit that focuses on the Group's investments in China, Southeast Asia, and the United Kingdom.

The Group ownership structure in Australia between FPA, FPL and RU is shown below at 1.1.2. A Current and Historical Organisation Extract from ASIC is attached and marked Confidential Annexure A2.

### 1.1.2 Diagram of Group Structure



### 1.1.3 Diagram of Organisational Structure

Please refer to the document attached and marked Confidential Annexure B, Business Plan for a copy of the applicant's organisation structure diagram.

### 1.1.4 Short summary of experience of key personnel

Please refer to the document attached and marked Confidential Annexure B2.

1.1.5 Details of all contracts and agreements for outsourced services that are either in place or to be negotiated with the applicant to assist with the conduct and operation of the electricity business.

Please refer to the information provided in Confidential Annexure V1.

1.1.6 Details of all contracts and agreements for outsourced services that are either in place or to be negotiated with the applicant to assist with the conduct and operation of the gas business.

Please refer to the information provided in Confidential Annexure V1.

1.1.7 Details of any prosecutions or regulatory complaint commenced against the applicant or any other company or person related to or associated with the applicant as defined by reference to the Corporations law or any key personnel in any jurisdiction, and the results or status of such prosecutions or complaints.

None.

## 1.2 Information on the nature of the application

### 1.2.1 Type of licence sought.

Retail Electricity and Gas Licence.

### 1.2.2 Date from which licence sought

17 March 2020

### 1.3 Nature and scope of operations for which the licence is sought.

RU is seeking to supply energy by way of embedded networks within various Sites.

Electricity and gas will be sourced from an authorised retailer for onselling to customers within the Sites. In some cases, RU may also develop on-Site generation (e.g. solar PV) and sell the output to customers within the Sites.

RU is focused on ensuring that its operations are consistent with the objective of Retail Law:

‘promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy’.

This will be achieved by favourable pricing, ensuring customer choice, and the implementation of systems and processes that ensure consumer protections. Please refer for example to confidential annexures Zl and Zm – Real Utilities Opt -Out policy and procedure. Please further refer to proposed licence conditions contained in confidential annexures Zv and Zw.

Various measures have and will be put in place to ensure consumer choice and protection. RU has outsourced operations (outlined in Annexure V1 provided on a commercial in confidence basis) to well-known providers who have a history of compliant operations. The use of these providers ensures that the operations of RU will be compliant, and customer focused.

RU has three areas of focus that define its unique selling position. These are explained in the following diagram:



### 1.3.1 Our Approach to Sustainability

RU is focused on promoting sustainability. RU will be offering energy efficient development, the future development of renewable embedded generation, and the integration of the overall development with green spaces.

Carbon credits will be purchased to offset electricity consumption at each Site to deliver carbon neutral power certified under the Australian Governments Carbon Neutral Program.

The Climate Active Carbon Neutral Standard sets out rigorous requirements for calculating, reducing, offsetting, auditing and reporting on emissions. For more information on the Climate Active Carbon Neutral Standard, please visit:

<https://www.environment.gov.au/climate-change/government/carbon-neutral>.

For more information on FPA's approach to sustainability, please refer to its sustainability program, [A Different Way](#).

### 1.3.2 Current licences held.

RU currently holds Retailer Authorisations for Electricity and Gas in the NECF, authorisation numbers E18002 and G18002 respectively.



### 1.3.3 Previous unsuccessful licence applications.

None.

### 1.3.4 Existing activities

RU is a wholly owned subsidiary of FPA which is the Australian division of Frasers Property Limited (**FPL**). Further information on FPL is provided below.

#### 1.3.4.1 Experience within the electricity and gas industry

RU (the corporate entity) has experience selling energy in New South Wales and Queensland since December 2017.

In Australia FPA's corporate experience with energy selling (not electricity) and electricity on-selling is limited to:

- the design, development and operation of the very large multi-utility business at Central Park (thermal only). At the time FPA devolved operation of that enterprise to Brookfield District Energy it was servicing almost 1400 apartments and had operated seamlessly, without interruption for 4-years at present time;
- procuring the design and installation of embedded networks into the later stages of its Central Park Development where Brookfield District Energy was the on-seller under an individual exemption granted to it by the AER; and
- a small, registered embedded network in an industrial estate in South Australia which is operated by the property manager of that site.
- FPA's parent company, FPL has a significant embedded network and energy on selling business which operates in Singapore and services only FPL owned properties.

Development at Taylor's Walk, Botany NSW, Discovery Point, Wolli Creek NSW, Coorparoo Square Shopping Village are the first FPA developments with an embedded network.

RU has engaged individual staff, contractors and suppliers with significant experience in the energy market. Please refer to Confidential Annexure B2 and Confidential Annexure V1,

which are provided on a commercial in confidence basis, for details on all providers and individuals involved in RU.

### 1.3.4.2 Experience external to the electricity and gas industry

FPA’s experience is operating in Australia for over 95 years and its activities cover the development of residential land, housing and apartments, commercial, retail and industrial properties, investment property ownership and management, and property management.

FPA is one of Australia’s leading diversified property groups. Australand was acquired by FPL in 2014, adopting the global Frasers Property brand in August 2015.

### 1.3.4.3 Details of the broad nature of RU’s proposed participation in the Victorian electricity industry

RU intends to supply customers who access electricity from embedded networks at sites developed by FPA (Sites).

## 2. Section 2 The Commission’s Objectives

RU is a fit and proper entity to hold a retail licence. Neither itself, its related body corporates, its officers nor associates have had any criminal or civil convictions.

FPA has a very good reputation generally and has ensured that the RU business is adequately resourced to operate effectively as a retailer.

Objective	How the application relates to this objective
<ul style="list-style-type: none"> <li>to facilitate efficiency in regulated industries and the incentive for efficient long-term investment;</li> </ul>	<p>Granting a licence to the applicant improves efficiency in the market, the applicant is a specialised embedded network supplier and understands that the grant of a licence will ensure that a high regulatory standard is maintained.</p>

<ul style="list-style-type: none"> <li>• to facilitate the financial viability of regulated industries;</li> </ul>	<p>The applicant is supported financially by its parent company and has the financial resources required to operate as a retailer.</p>
<ul style="list-style-type: none"> <li>• to ensure that the misuse of monopoly or non-transitory market power is prevented;</li> </ul>	<p>An additional energy retailer in Victoria will reduce the risk of a monopoly and of the abuse of market power.</p>
<ul style="list-style-type: none"> <li>• to facilitate effective competition and promote competitive market conduct;</li> </ul>	<p>The applicant will increase competition in the Victorian market by virtue of its innovative product offering.</p>
<ul style="list-style-type: none"> <li>• to ensure that regulatory decision making has regard to the relevant health, safety, environmental and social legislation applying to the regulated industry;</li> </ul>	<p>The applicant has a well-established compliance program in place that will incorporate relevant health, safety, environmental and social legislation</p>
<ul style="list-style-type: none"> <li>• to ensure that users and consumers (including low-income or vulnerable customers) benefit from the gains from competition and efficiency;</li> </ul>	<p>The applicant’s products incorporate protections for low-income and vulnerable consumers, the applicant’s focus on a competitive price will lead to a direct consumer benefit.</p>
<ul style="list-style-type: none"> <li>• to promote consistency in regulation between States and on a national basis.</li> </ul>	<p>The applicant has lodged an application with the Australian Energy Regulator- the grant of a licence in Victoria will ensure that the applicant is able to offer its services in all eastern states.</p>

### 3. Section 3 Information on Financial Viability

Without exposure to the wholesale market, the potential financial risk to RU will be less than that of a typical electricity retailer. RU has examined the financial requirements of an authorised retailer in Victorian and confirms that it can meet these requirements.

RU's group structure can be found at 1.1.2. As a wholly owned subsidiary of FPA and under a guarantee provided by Frasers Property Limited, RU has access to significant financial resources. Please find the guarantee attached and marked Confidential Annexure X. Please also refer to confidential Annexure Zd, an agreement between FPA and RU.

#### 3.1 Details and evidence of current financial position, current balance sheet and financial data.

RU is a new business that does not have interim financial statements. Please refer to this application and annexures to confirm that RU has the financial resources available to it to support its business.

#### 3.2 Declaration from CFO (or CEO or director/s)

Please find attached Confidential Annexure L Statutory declaration from RU's CFO and CEO confirming the company's current financial position, and the accuracy of this application and provided on a commercial in confidence basis.

#### 3.3 Declaration from independent auditor/ Financial Institution

Please refer to Confidential Annexure N Letter from our financial institution confirming RU's current financial position and capability and provided on a commercial in confidence basis.

#### 3.4 Australian financial services licensing

RU will not carry on a financial services business so will not require an Australian Financial Services Licence.

### 3.5 Documents relating to financial viability

- Confidential Annexure A: Certificate of Registration;
- Confidential Annexure L: Statutory declaration from CFO and CEO;
- Confidential Annexure M: FPL bank statement from financial institution;
- Confidential Annexure N: Declaration from financial institution;
- Confidential Annexure J: Frasers Property Limited and its controlled entities Financial Report September 2017;
- Confidential Annexure X: Guarantee from Frasers Property Limited.

## 4. Section 4 Information on Technical Capacity

Please find information below and attached demonstrating RU organisational and technical capacity. As noted above, RU has engaged with a number of industry experts and systems providers. RU has a well-developed understanding of the energy market and the various regulatory obligations of a retail licence holder.

Together, RU's operations will be conducted in compliance with applicable laws and to a very high standard.

### 4.1 Organisation chart and details of key personnel including experience

Please refer to 1.1.3 for a diagram of RU's organisational structure. Please refer to Confidential Annexure B2 for details of the experience of key personnel.

Please also refer to Confidential Annexure Za, details of the officers of Real Utilities.

### 4.2 Third party involvement

Please refer to Confidential Annexure V1 for details of third party vendors. RU is happy to provide copies of the contracts entered into with the third party vendors upon request and

on a commercial in confidence basis.

RU will manage its external providers in accordance with its Third-Party Management Process. A copy of the RU Third-Party Management Process is provided as Confidential Annexure V and is provided on a commercial in confidence basis.

#### 4.3 Memberships or steps taken to obtain memberships of a recognised energy industry ombudsman scheme in the relevant jurisdiction:

As a provider of an essential service, RU is aware of the obligations relating to customer complaints and disputes resolution processes. In connection with RU's AER Retail Authorisation, RU is a member of the Energy and Water Ombudsman of NSW. Please see the confirmation of membership letter attached and marked Confidential Annexure K2.

RU has written to the Energy and Water Ombudsman of Victoria. Please refer to Confidential Annexure Ze- correspondence from EWOV.

Please refer to Confidential Annexure K which is the Membership Application form for EWOV. RU has completed the application form and will apply upon successfully obtaining a licence from the ESC of Victoria.

#### 4.4 Compliance strategy

The directors and management of RU recognises that an effective compliance system, as defined in AS/ISO 19600:2015, is central to the company's strategy and achievement of its financial and business objectives.

RU is committed to an effective compliance program implemented in accordance with AS/ISO 19600:2015. RU Compliance Plan (**Plan**), demonstrates the extent to which the standard has guided RU.

RU understands and will implement a range of measures to ensure compliance with its

regulatory obligations. RU' regulatory obligations include those under Energy Law (including the National Electricity Law, National Electricity Rules, National Energy Retail Law, National Energy Retail Rules, National Energy Retail Regulations, *Electricity Industry Act 2000* (Vic), Energy Retail Code and various supporting guidelines, codes, procedures and other instruments), the *Telecommunications Act 1997*, the *Do Not Call Register Act 2006*, the *Spam Act 2003* (Cth), *Privacy Act 1988* (Cth) and the Australian Privacy Principles and the Australian Consumer Law (as set out in Schedule 2 to the *Competition and Consumer Act 2010*).

The directors and management of RU has overall responsibility for setting and overseeing the corporate governance and compliance standards that are implemented by the Compliance Committee consisting of a member of the board, our Compliance Lead and business managers.

Ways that RU will ensure compliance include:

- The Compliance Committee: Responsible for developing and implementing the compliance program via the development of policies, procedures and training programs
- Compliance Personnel: Responsible for the day to day oversight of the compliance program of RU.
- External Advice: RU, as part of its compliance program, obtains advice on compliance and legal issues from a number of qualified external providers.
- Information Technology: RU implements a range of technological solutions that aid in the Company's compliance and implementation of the compliance program. These include the Compliance HUB, a cloud-based system that tracks regulatory obligations and assigns various controls against obligations.
- Documentation: RU has developed procedures and policies related to operational processes in order to ensure regulatory compliance. These documents are provided to employees to ensure implementation of practices in compliance.
- Compliance Risk Assessments: RU actively seeks to identify and reduce the likelihood of breaches of regulatory obligations. A Compliance Risk Assessment will be conducted looking at applicable regulatory obligations, the consequences and

likelihood of a breach and appropriate controls.

- Training and Assessment: The aim of compliance training and assessment is to reinforce in all staff the understanding that regulatory compliance is core to RU' operations. External training providers will be utilised where appropriate.
- Qualified Staff: Appropriately qualified staff will be employed.
- Monitoring and Reporting: Any compliance breaches will be monitored, resolved and reported in accordance with the Plan and RU' reporting obligations.

Please find attached (provided on a commercial in confidence basis):

- Confidential Annexure C Real Utilities Compliance Plan;
- Confidential Annexure D Real Utilities Code of Business Conduct;
- Confidential Annexure E Compliance Reporting Procedure;
- Confidential Annexure F Real Utilities Hardship Policy;
- Confidential Annexure G1 FPA Risk Management Policy;
- Confidential Annexure G2 Real Utilities Risk Management Procedure;
- Confidential Annexure H Real Utilities Complaints Policy;
- Confidential Annexure I Real Utilities Rights Summary document;
- Confidential Annexure P Performance Reporting Procedure;
- Confidential Annexure Q Privacy Policy;
- Confidential Annexure Y Customer Disconnection Policy;
- Confidential Annexure Z Customer Payment and Collection Policy;
- Confidential Annexure Zb Recruitment and Termination Policy;
- Confidential Annexure Zc Website Terms and conditions; and
- Confidential Annexure Ze Compliance Audit Verification letter.

The guiding principles for RU' complaints management program are contained in AS/NZ 10002:2014. Under RU' Complaints Policy Customers have a right to lodge a complaint at any time. RU Complaints Policy will be adopted and used by the provider of customer service solutions.

## 4.5 Business model/plans



Please refer to the Confidential Annexure B Real Utilities Business Plan – Part 2 and provided on a commercial in confidence basis.

#### 4.6 Risk management strategy

RU has adopted AS/ISO 31000:2009 as its base guidance document for addressing risks. AS/ISO 31000:2009 provides a generic guide for managing risk. This standard may be applied to a very wide range of activities, decisions or operations.

To be effective, risk management – like compliance – must become part of an organisation's culture. It should be embedded into the organisation's philosophy, practices and business processes rather than be viewed or practised as a separate activity.

The board of FPA has overall responsibility for ensuring that there is a sound system of risk management across the business.

The FPA board is also responsible for defining the overall risk appetite of the business, and for approving policies and ensuring that these are implemented. The FPA board will approve the Risk Management Policy and will in the normal course, approve changes and updates to it, on a case-by-case basis.

Please refer to Confidential Annexure G1 FPA Risk Management Policy and Confidential Annexure G2 the RU Energy Risk Management Procedure which includes an assessment of risks to the business. These documents are provided on a commercial in confidence basis.

#### 4.7 Complaints Register and procedures

Please refer to Annexure H RU Complaints Policy for information relating to the handling of customer complaints.

#### 4.8 Document retention policies

Please refer to Confidential Annexure E RU Compliance Reporting Procedure clause 18 which sets out the RU document retention policy.

#### 4.9 Details of external audit of compliance and risk strategy

RU' Compliance Plan and Risk Management Procedure have undergone external review. The results of that review are attached and marked Annexure and provided on a commercial in confidence basis.

## 5. Section 5 Commercial-In-Confidence Information 21

Please refer to the List of annexures contained in clause 6 for the information and documents that have been provided on a commercial in confidence basis.

## 6. List of annexures included with this application

Annexure	Document Title	Confidential
A	Certificate of Registration	YES
A2	Current and Historical Organisation Extract from ASIC	YES
B	Business Plan	YES
B2	Details of Key Personnel	YES
C	Compliance Plan	YES
D	Code of Business Conduct	YES
E	Compliance Reporting Procedure	YES
F	Hardship Policy	YES
G1	Fraser's Property Risk Management Policy	YES
G2	Energy Risk Management Procedure	YES
H	Complaints Policy	YES
I	Rights and Obligations Summary	YES
J	Fraser's Property Limited and its controlled entities Financial Report September 2019	YES
K	EWOV Membership Application Form	YES
K2	EWOV confirmation of membership letter	YES
L	Statutory Declaration by CFO & CEO	YES

Annexure	Document Title	Confidential
M	Bank statement from financial institution	YES
N	Declaration from Financial Institution	YES
P	Performance Reporting Procedure	YES
Q	Real Utilities Privacy Policy	YES
R	Agility CIS Service Provider Letter	YES
S1	Agility CIS Services Agreement	YES
S2	Agility Blueprint Document	YES
V	Third Party Vendor Management Process	YES
V1	Details of Third Party Service Providers	YES
X	Guarantee from Frasers Property Limited	YES
Y	Customer Disconnection Policy	YES
Z	Customer Payment and Collections Policy	YES
Za	Details of Officers of Real Utilities	YES
Zb	Recruitment and Termination Policy	YES
Zc	Real Utilities Website Terms and Conditions	YES
Zd	Real Utilities FPA Agreement	YES
Ze	Real Utilities Audit Verification Letter May 2018	YES
Zf	Correspondence from EWOV	YES
Zg	Scanned Copy of Plus ES ENO Contract Signed	YES
Zh	Services Deed (AGREED FORM)	YES
Zi	Utility Services Agreement - Residential Buildings	YES
Zj	Real Utilities Victorian CPSP	YES
Zk	Life Support policy	YES
Zl	Opt Out Procedure	YES
Zm	Embedded Network Opt-Out Policy	YES
Zn	Disconnection and Reconnection policy	YES
Zo	Information for exempt customers	YES
Zp	PPIS	YES

Annexure	Document Title	Confidential
Zq	On Best Offer	YES
Zr	Not on Best Offer	YES
Zs	First Reminder Notice	YES
Zt	Disconnection Warning	YES
Zu	EWOV Membership Application Form	YES
Zv	Real Utilities licence conditions - Electricity	YES
Zw	Real Utilities licence conditions - Gas	YES
Zx	Real Utilities customer brochure	YES
Zy	Real Utilities Ezidebit Client Service Agreement	YES
Zz	Utility Services Agreement - Business	YES