



Application for a Retail Electricity License in Victoria

Diamond Energy Pty Ltd
ACN 107 516 334

Retail arm trading as
Commercial Green



11th September 2007

Table of Contents

1.0 GENERAL INFORMATION	3
2.0 BACKGROUND	4
3.0 INDUSTRY EXPERIENCE	5
Managing Director – Tony Sennitt	5
4.0 PROPOSED RETAILING ACTIVITIES	5
5.0 MANAGEMENT	5
Customer Operations – Christine Maiden	6
GM Sales and Marketing – Cathy Sennitt	6
Accounting Partner – Watco Partners	6
Banking Partner – NAB	6
6.0 FINANCIAL INFORMATION	6
7.0 TECHNICAL CAPABILITY	7
Contract management (in house)	7
Customer Activation (in house)	7
Billing and Collection Services (in house)	7
Customer Service Provision (in house)	7
8.0 WHOLESALE AND RISK MANAGEMENT	8
9.0 NEMMCO REGISTRATION	8
10.0 REGULATORY COMPLIANCE	8
11.0 DISTRIBUTION 'USE OF SYSTEM' AGREEMENT	9

1.0 General Information

Diamond Energy was incorporated in 2003 and has focussed on building a renewable energy platform in Victoria. It has successfully commissioned it's first operating plant at Tatura in Northern Victoria.



From the Head Office located on St Kilda Rd, in Melbourne, Diamond Energy shall utilise core skills and experience in electricity markets to retail, it's own produce green, renewable electricity. This will provide a competitive outcome for Victorian business customers if they choose of Diamond Energy as their preferred supplier.

Diamond Energy, through it's trading name "Commercial Green" shall provide:

- Unique and tailored renewable energy supply solutions and systems for specific Victorian businesses;
- Innovative 'commercial programs' designed and proven supplying green, renewable electricity for small and medium enterprises, based in Victoria.

We will support these initiatives with:

- 'Risk free, managed wholesale supply;
- Systems for NEMMCO market settlements and transfers solution;
- IT experience in electricity retail middle/back office operations;

- Financial management and regulatory compliance capability in electricity generation and retailing in Australia;
- Customer support and commercial operating obligations;

These operational capabilities will be supported by our team of professional electricity retailing practitioners (*see Executive Team*).

2.0 Background

In early 2003 Diamond Energy identified that the Shepparton region electricity would be enhanced by local generation and in November 2003, Goulburn Valley Water invited expressions of interest through a public process to utilise their sewage gas. They were looking for partners to propose options for the use of the methane production from their three Waste Water Management facilities (WMF's). Diamond Energy won the tender and was appointed as the preferred partner.

With the successful commissioning of the first stage of the project targeted for January 2007, the Tatura plant will be one of the first renewable generators listed under the new VRET legislation.

In the past two years Diamond Energy with support from the Sustainability Victoria (formerly SEAV) has actively invested and built a small 1.1 MW biogas generation facility at Goulburn Valley Water's Tatura wastewater treatment facility in Northern Victoria. This project was the first project approved under the RESF scheme and was actively supported by Ministers Thwaites and Theophanous at the launch in March 2005

As a necessary part of developing this project we have applied and received all required national registrations, in particular the NEMMCO financially responsible market participant (FRMP) registration. This was particularly important because we made an initial decision to register as a Market Non-Scheduled generator.

This application for a Retail License is pursuant to section 18 of the *Electricity Industry Act 2000 (Victoria)* and in accordance with the guidance notes and technical capability criteria published by the Essential Services Commission *ESC*¹

All questions related to this application should be directed to:

Mr Tony Sennitt
Managing Director
Diamond Energy Pty Ltd
144 St Kilda Rd
St Kilda VIC 3182

3.0 Industry Experience

The Executive and Management of Diamond Energy are experienced and have demonstrated success in electricity management in generation and retailing the jurisdictions in the Australian National Electricity Market and the Singaporean Market.

This experience and capability is summarised below.

The founder of Diamond Energy has considerable expertise in the Australian energy sector.

Managing Director – Tony Sennitt

Tony Sennitt is an experienced company director and trading manager through his 18 years in global energy markets both in Australia and Singapore. He is currently the Managing Director of Diamond Energy Australia – a licensed Financially Responsible market participant in the Australian NEM and is Non-Executive deputy Chairman of Sydney Gas (SGL) a coal seam methane development company on the ASX.

Previously Tony has also held executive positions with Duke Energy Merchants (Asia Pacific), Koch Refining International (Singapore) and ExxonMobil (Australia).

These regional responsibilities have incorporated trading a diverse range of products including crude oil, fuel oils, LPG, gas and electricity. Tony has undergraduate degrees from Monash University in Chemistry and Chemical Engineering and a Master of Management from Melbourne University.

4.0 Proposed Retailing Activities

Diamond Energy will provide energy management solutions to a range of medium and large customers in Victoria. The company shall offer electricity solutions to selected small and medium enterprise customers

5.0 Management

The Diamond Energy Executive Management are all experienced in electricity retail businesses in the deregulated electricity markets of Australia; including NEM FRC procedures and compliance.

Customer Operations – Christine Maiden

Christine Maiden has spent many years involved in all aspects of the accounting and management services. Her experience covers NEMMCO and Austraclear systems and has recently completed training with both organisations:

GM Sales and Marketing – Cathy Sennitt

The sales and marketing activities of Diamond Energy will be managed one of the most experienced practitioners in the marketing industry, with specific experience within the customers segments and location of the prospective Diamond Energy customers:

Cathy Sennitt

Professional experience, 18 years, an experienced marketing professional with specialist skills in the banking, finance and electricity sectors. Her experience has been built through a variety of roles in Australia and Singapore. They include management roles with leading Financial Institutions and cover the full breadth of the marketing mix.

Accounting Partner – Watco Partners

Diamond Energy has retained the services of Sam Watts & Associates. They provide its clients with a wide range of business and accounting services focussing on meeting the demands of business owners in a pro-active and cost effective manner. Sam Watts is the Managing Partner within the firm.

Banking Partner – NAB

The choice of NAB as financial/banking partner is as a result of years of involvement in the successful Diamond Energy electricity business. The NAB Managers have all played a role in supporting the business in a number of areas, including (but not limited to):

- Trade Finance
- Equipment Leasing
- Credit support/bank guarantees for supplier obligations
- Prudential support for NEM Operations
- Innovative cash management strategies

6.0 Financial Information

Diamond Energy has prepared a business plan and financial statements, which have been compiled from industry data and based on the Company's growth plans. The Company is adequately financed to meet its requirements.

The Company shall provide the necessary prudential and credit support as required, together with appropriate levels of security requirements, including coordination agreements with distribution businesses.

7.0 Technical Capability

The technical capabilities of Diamond Energy will be managed through a comprehensive balance of in-house processes and outsourced where required. A summary of these areas is provided below:

Contract management (in house)

All of the contract management, for each customer segment, will be managed in-house. This process will be well documented and include trading/risk management, direct sales, channel sales, pricing and quoting.

Customer Activation (in house)

The activation of customers including data entry, validation, verification, transfer and B2B processing will be carried out in house – under strict controls which comply with NEM/MSATS guidelines and internal Diamond Energy business process management.

Billing and Collection Services (in house)

The following services will be performed including:

- Management of metering data
- Bill production
- Payment receipting
- Payment schemes
- Debt management

Customer Service Provision (in house)

The Customer service will be provided in house where Diamond Energy's customers will be able to receive a range of services listed below. These services will comply with all codes and guidelines and full training will be maintained.

- Inbound calls managed to handle all enquiries
- Management of customer communications – written/verbal
- Complaint management and ombudsman reporting as required

Diamond Energy is fully aware of its obligations under the Retail License and Electricity Industry Code. In all areas of its operations, the Diamond Energy processes will be fully compliant to all codes, requirements and obligations under the direction of the experienced management team.

8.0 Wholesale and Risk Management

The wholesale trading arrangements for Diamond Energy will be consistent with the companies current operation.....being a current net provider to the NEM through it's generation assets, the company plans to be net long and to ensure that it's exposure is actively managed.

Diamond Energy plans to utilise its skills and continue to develop direct relationships with other Victoria generation opportunities to supply electricity that will absorb the vast majority of the electricity wholesale pool risk as customer numbers develop. This will enable Diamond Energy to provide competitive, flexible and risk managed pricing options to each customer segment. And through the utilisation of the experience and risk modelling tools available reduce Diamond Energy's overall risk profile.

Internally, Diamond Energy will manage the settlements process for both market settlements and network bill validation utilising verification systems and processes.

9.0 NEMMCO Registration

Diamond Energy has already applied and received full NEMMCO registration as a "Financially Responsible Market Participant" and as a "Responsible Person". When the Retail Authority is granted, Diamond Energy will finalise arrangements with NEMMCO to ensure any additional requirements for retail activities are met. Diamond Energy will not undertake any wholesale purchases or retail sales until its Retail Authority has been approved and issued.

10.0 Regulatory Compliance

Diamond Energy is aware of various obligations through regulatory and legislative instruments that apply to its business operations in Victoria and intends to be fully compliant with all relevant obligations, where applicable².

- Electricity Industry Code
- Customer Charter
- Retail Contracts
- Distribution Co-ordination Agreements
- MSATS Procedures (CATS and B2B)

²

- Marketing Code of Conduct

In order to comply with these obligations, there will be a continuous, dedicated regulatory compliance resource within the Diamond Energy Management.

11.0 Distribution 'Use of System' Agreement

As a proposed holder of a Retail License, Diamond Energy understands its obligations, to comply with all relevant aspects of the default Victoria Coordination Agreement that may apply from time to time. In particular, Diamond Energy will pay particular attention to:

- Relevant NEM and B2B requirements including the timely dispatch and receipt of Service Orders and management of network invoices
- The payment requirements
- Retailers' performance security undertaking

In addition and where appropriate, Diamond Energy shall play an active role in the further development of enhancements to this Agreement.

12.0 Company Incorporation

Diamond Energy Pty Ltd is a registered company under the Corporations Act 2001. The company was registered in Victoria on 5th January 2004 and its operations are based in St Kilda, Victoria.

Commercial Green was registered as a business name in Victoria, on the 23rd August 2005 (registration number B1862511X)

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