

Electricity Licence Application

Pacific Hydro Retail Pty Ltd

21 March 2014

Table of Contents

1.	Background.....	3
2.	Applicant.....	3
3.	Commission's objectives	3
4.	Corporate Structure.....	3
5.	Pacific Hydro Board	4
6.	Organisational Structure.....	5
7.	Experience of key personnel	6
8.	Details of all contracts and agreements	10
9.	Details of existing Licences held.....	10 11
10.	Details of any regulatory complaints against the applicant or related company.....	11
11.	Information on financial viability.....	11
12.	Membership and association of industry bodies.....	11
13.	Internal Controls, policies and procedures	11 12
14.	Risk Management Policies	12
15.	Customer Hardship Policy	13
16.	Standing Offer Terms and Conditions.....	13
17.	Sample Electricity Retail Bill	13
18.	Statutory Declaration on truthfulness and accuracy of information supplied	13 14

1. Background

Pacific Hydro Retail Pty Ltd is licenced¹ to operate in the medium and large customer segments of the Victorian Electricity Retail market. As part of its retail strategy, it is seeking approval to retail electricity to Victorian small business enterprises and residents who annually consume below 40 MWh per annum.

2. Applicant

Legal Name	Pacific Hydro Retail Pty Ltd ²
ACN	155 908 839
Registered Address	Level 11, 474 Flinders Street, Melbourne, Vic 3000
Postal Address	As above
Contact Person	John Vendel Energy Markets Regulatory Manager Phone: 03 8621 6308 Mobile: 0419 397 729 Email: jvendel@pacifichydro.com.au
Licence Sought	Electricity Retail (small customer segment <40 MWh pa)
Intent to Commence	1 May 2014

3. Commission's Objectives

The grant of a small customer retail licence to Pacific Hydro Retail Pty Ltd (Pacific Hydro Retail) would be consistent with the Commission's objective (s.8 of the Essential Services Commission Act 2001 (Vic)) to promote the long term interests of Victorian consumers including having regard to price, quality and reliability of essential services.

Pacific Hydro Retail will provide Victorian energy consumers (<40MWh pa) with an alternative energy retailer to current market offerings. Increased competition will enable consumer's greater choice and more competitive prices.

Pacific Hydro Retail will foster existing relationships and develop ongoing relationships with distribution network providers, regulators, and the Energy and Water Ombudsman of Victoria to ensure the timely notification and resolution of any Victorian customer issues. Pacific Hydro Retail will also be retailing to South Australian consumers (<160MWh pa) under the National Energy Customer Framework.

4. Corporate Structure

Pacific Hydro Retail Pty Ltd is a wholly owned subsidiary of Pacific Hydro Limited (Pacific Hydro) who is in turn owned by IFM Australian Infrastructure Fund, which is managed by IFM Investors. IFM Investors is a uniquely-structured global fund manager with assets under management across infrastructure, debt investments, equities and private capital. IFM Investors is wholly owned, through Industry Super Holdings, by 30 Australian superannuation (pension) funds.

Through its ownership structure, Pacific Hydro Limited provides sustainable infrastructure investment opportunities for around 5 five million Australian members of Industry Superannuation Funds. A complete diagram of our corporate structure³ is provided.

¹ Licence: ER02/2012 varied 14 November 2012

² Appendix 1 – Incorporation details

³ Appendix 2 – Pacific Hydro Corporate Structure

5. Pacific Hydro Board

Garry Weaven, BSc, DipEd – Chairman

Appointed as a Director on 29 July 2005, Garry Weaven is the founder of Industry Funds Management. His involvement with the superannuation and funds management Industry follows a successful career in the union movement which culminated in being elected Assistant Secretary of the ACTU in 1986. Garry is a Director of VicUrban, Industry Super Holdings and Members Equity Bank Pty Ltd. He is also a member of Infrastructure Australia.

Geoff Coffey, FCPA, ACIS, Dip FP, GMAICD – Non-Executive Director

Appointed as a Director on 26 March 2004, Geoff has extensive experience in construction, development, infrastructure investment and structured finance. His previous positions included General Manager Development & Investment with John Holland Group, Finance Director at Azon Limited, General Manager Finance at Atlas Steels Limited and Chief Financial Officer at McConnell Dowell Limited. Geoff is a Director of Forestry Tasmania Pty Ltd, McCarthur Cook Ltd and the Tasmanian Government Irrigation Development Board. He is Chairman of Utilities of Australia Pty. Ltd and CEOS Pty Ltd.

Kyle Mangini, BEc, Gov – Non-Executive Director

Appointed as a Director on 9th of October 2009, Kyle has 20 years of experience in investment banking and asset management, including senior roles with CSFB and SBC Warburg. He has infrastructure experience both in Australia and abroad, including a role acting as an advisory Director to the Flinders Group. His relevant transaction experience includes the execution of mergers, acquisition, divestitures, initial public offerings, public bond offerings, Rule 144A private placements, commercial bank facilities and derivatives. As Head of Infrastructure and Specialised Funds at IFM, Kyle is responsible for managing all aspects of infrastructure investment management functions. He is also a member of IFM's Investment and Strategy Committee and is the Chairman of IFM's Specialised Debt Committee. In addition to the Pacific Hydro Board, Mr. Mangini is a Director of Ecogen Holdings (owner of the Newport and Jeerlang Power Stations) and Brisbane Airport.

Roger Gill – Non-Executive Director

Appointed as a Director 1 December 2010, Roger is a Vice President of the International Hydropower Association. He has over 30 years of management, operations, construction and project development experience in the energy and water sectors with a particular focus on hydropower, water resource management, wind power and other renewable energy development. Prior to establishing his independent consulting practice in late 2007, he was Executive General Manager at Hydro Tasmania and in 2010 he was interim CEO of Tasmanian Railway Pty Ltd. Roger is currently a director of Tasmanian Irrigation Development Board Pty Ltd, Tasmanian Railway Pty Ltd, Tasmanian Water and Sewerage Corporation (Southern Region) and is a member of the Tasmanian Renewable Energy Industry Development Board. His academic qualifications include a Bachelor of Engineering from the University of Tasmania and the Advanced Management Program at Harvard Business School.

Brett Himbury, MBA (NSW), Fellow (International Managers Organization) – Non-Executive Director

Appointed as a director on 29 July 2010, Brett is Chief Executive at IFM Investors and is responsible for the leadership of IFM, the development and execution of the firm's strategy and the delivery of strong results for all stakeholders including clients, shareholders and staff. He is Chair of IFM's Investment Committee. Brett's experience spans almost 30 years where he has held a range of leadership roles across the Funds Management and Financial Planning sectors, and with this diversity of experience brings a strong track record and unique insight to his role.

Anita Roper, BBus, (FAIM), (GAICD) – Non-Executive Director

Appointed as a Director on 27 March 2012, Anita has over 25 years of experience working with business, governments and communities and multi-lateral agencies on sustainable development.

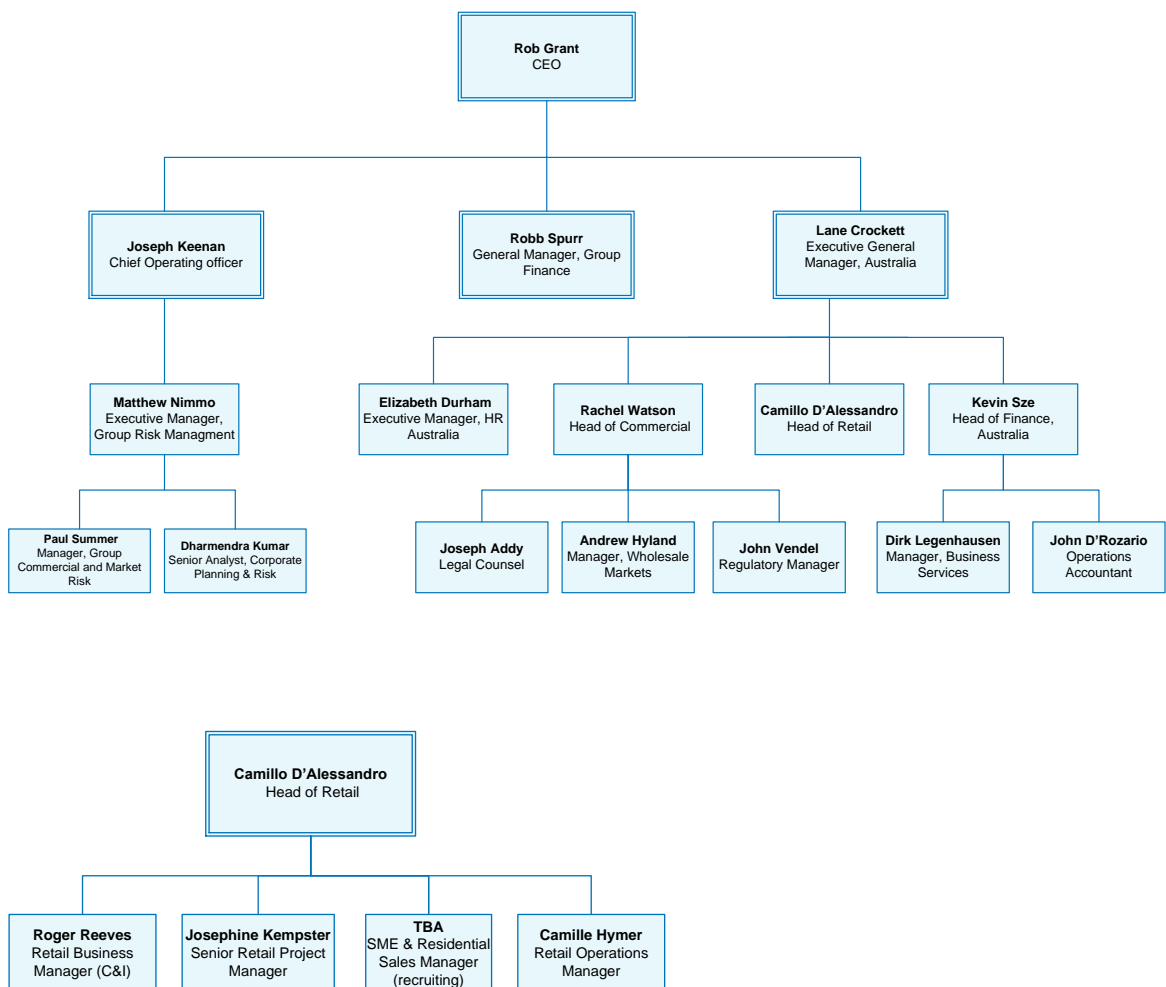
She has held senior positions in Australia, Canada, the United Kingdom and the USA. In recent appointments, Anita worked as Chief Executive Officer at Sustainability Victoria, Global Director of Sustainability for Alcoa and Acting Secretary General / Chief Operating Officer at International Council on Mining and Metals – ICMM. During her time at Alcoa, she was a Board member of the Women's Network For A Sustainable Future – a not for profit organisation.

6. Organisational Structure

Pacific Hydro, while headquartered in Australia operates offices in Chile and Brazil. Its Australian and Corporate employees total 127 and provide support for its Australian retail operations. The key retail functional Organisation diagram is shown below while our full Australian and Corporate organisational chart⁴ is included.

Pacific Hydro Australia Organisation Chart Retail Function

February 2014



⁴ Appendix 3 – Pacific Hydro Organisational Structure

7. Experience of Key Personnel

Pacific Hydro has been operating in the Victorian electricity market for over 10 years and has existing infrastructure and expertise that complements the entry into the small customer retail market. A number of key functional roles have been filled with experienced industry professionals, with further retail specific appointments expected as the business expands.

Chief Executive Officer – Rob Grant

Rob has spent the last 17 years (the last 8 as CEO) helping position Pacific Hydro as Australia's most successful and dynamic international clean energy utility. From small beginnings over 20 years ago, the company is now a leader in the hydro, wind and solar electricity markets in Australia and Latin America. Prior to becoming CEO in July 2005, Rob had a number of roles at Pacific Hydro including: Development Manager, International Development Manager, Manager Development & Operations and finally General Manager Development & Operations.

Rob is proud of the continued growth of the company from 40 to over 300 people across Australia, Chile and Brazil as the company has more than doubled in size (in generation capacity, value and revenue) since he became CEO. During that time the company has developed world class development, delivery, financing and operations expertise in each of its business units to an award winning level.

Rob is a passionate advocate for greater engagement of Australian businesses, education institutions and society with Latin America. He currently serves as the Regional Chair of the Global Foundation in Latin America and was a Director of the Council of Latin America Relations (COALAR) from 2010 to 2013.

Rob has a strong personal interest in advocating economically sound climate change abatement policy and the role that Pacific Hydro plays as a trusted advisor to governments in each of its markets on best practice climate change policy. In Australia, he led Pacific Hydro's efforts in the formation of the Clean Energy Council in 2007 and served as its second Chairman from 2009-2011.

Rob holds a Bachelor of Civil Engineering and has completed an MBA and Master of Applied Finance at Melbourne and Macquarie Universities.

Chief Operating Officer – Joseph Keenan

Joseph joined Pacific Hydro in April 2013 as Chief Operating Officer. In this role, he leads all our corporate functions including Finance, Engineering, Strategy, Risk, Human Resources, Legal, Marketing and Communications. He has 20 years' experience and has held a number of senior management positions including President of Orica Latin America, Vice President of Orica Canada and Senior Vice President of Global Marketing at Orica. Joseph has a degree in Geology from Laurentian University in Canada and an MBA from the Edinburgh Business School in the UK. He is also an alumnus of the Harvard Business School in the USA.

Executive General Manager Australia / Director of Pacific Hydro Retail Pty Ltd – Lane Crockett

Lane joined Pacific Hydro in December 2005 as Commercial Contracts Manager with over 20 years of international experience in the energy sector in Australia, Asia, the UK and New Zealand. He has worked in utilities regulation, managed the performance of electricity and gas alliance contracts and has led engineering, procurement and construction projects in the oil and gas and petrochemical industries. He holds a Bachelor of Engineering (Mechanical) from the University of Canterbury, New Zealand and a Graduate Diploma in Commercial Law from Deakin University.

General Manager Group Finance / Director of Pacific Hydro Retail Pty Ltd – Rob Spurr

Rob has a Bachelor of Business (Accounting) from Deakin University and has more than 20 years of senior financial experience. Rob joined Pacific Hydro in 2005 as their Executive Manager Finance for Latin America based in Santiago Chile and returned to Australia in 2009. Prior to joining Pacific Hydro, Rob enjoyed a variety of finance and commercial roles with the Orica Group based in Melbourne, Sydney, Vietnam, Singapore and Indonesia.

Executive Manager Group Risk Management – Matthew Nimmo

Matthew joined Pacific Hydro in 2010 and is responsible for managing the company's Enterprise Wide Risk Management framework and Group Market Risk. He has 20 years' experience in various risk management and financial market roles, with the last 10 years focused in the Australian electricity market at a range of enterprises including major energy retailers TRUenergy and Energex Retail as well as BP Australia, a multinational energy trading corporation. He holds a Bachelor of Business degree.

Market Risk Manager – Paul Summers

Paul joined Pacific Hydro in 2013 assuming the Market Risk Manager role in the Group Risk function. With over 6 years of industry experience spanning roles at consultancy Schneider Electric and EnergyAustralia, Paul has worked on numerous of analytical and modelling projects pertaining to portfolio risk-management.

Paul holds a first class honours degree in Applied Physics from RMIT as well as a Master of Philosophy, majoring in Physics, from the Australian National University.

Manager, Enterprise Risk – Dharmendra Kumar

Dharmendra is accountable for facilitation of risk management across all business units and functions within Pacific Hydro. Dharmendra maintains Pacific Hydro's Enterprise Wide Risk Management (EWRM) System. Dharmendra also worked in Pacific Hydro's Finance and Corporate Planning areas.

Prior to joining Pacific Hydro, Dharmendra spent 14 years with ExxonMobil in Financial Reporting, Business Analysis & Planning, Audit and Business Control roles.

Dharmendra holds a Masters in Business Administration in Finance (AIBA), Diploma in Financial Services (FINSIA) and BA in Accounting/Economics (USP). Financial Services Institute of Australasia (FINSIA)

Executive Manager HR Australia – Elizabeth Durham

Elizabeth joined Pacific Hydro in 2006 with 8 years professional experience supporting teams in the legal industry. During her time at Pacific Hydro she has been responsible for developing and delivering HR and employment solutions to support the growth of the Pacific Hydro. She has held the roles of HR Officer, Officer Manager and HR Manager and has recently been appointed to the role of Executive Manager HR Australia. In this role she is responsible for providing strategic guidance on human resources matters. She has over 7 years' of professional experience in human resources and holds a Bachelor of Business (Management).

Head of Retail – Camillo D'Alessandro

Camillo D'Alessandro was appointed on October 1, 2013 as the inaugural new Head of Retail in Pacific Hydro Australia and will be leading the retail business after being in a consulting advisory role for approximately one year. He will be responsible for delivering and executing the retail strategy and ensuring strong results for the Pacific Hydro Group and its shareholders.

Camillo was previously the founding CEO of Momentum Energy for 7 years and built a successful retail electricity business and successful Brand from inception.

Camillo has held numerous senior executive level roles as CEO, MD, Project Director and Operational Management in Australia, throughout Europe, Asia, UK and New Zealand. Prior to Momentum Camillo was Managing Director for ERG (Italy) a position he held for 4 years. He has 10 years' experience with ERG and CUBIC in the public transport Smart Card area and 12 years' experience with Nilsen Electrics in the electrical contracting engineering sector.

New large scale start-up ventures and project management have been at the core of Camillo's previous experience. Camillo is passionate about building and growing businesses. His 30 year career has spanned the Construction, Engineering, Transport, Systems Integration and Electrical industries. This diversity of experience and strong track record has made him into a well-seasoned Leader.

In addition to his executive roles, Camillo has been very active in the non-executive arena having held a number of non-executive positions with unlisted companies both profit and not for profit. He also served on the board of the ERAA the peak body for energy retail companies in Australia.

Retail Business Manager (Commercial & Industrial) – Roger Reeves

Roger comes to Pacific Hydro with more than 15 years of professional experience, mainly in commercial and large customer business development and account management roles within the energy industry.

He has held senior positions with Yallourn Energy, AusPower, Country Energy, AGL and Momentum Energy. In his most recent role at Momentum Energy, Roger played a fundamental role in breaking into large commercial, industrial and government retail electricity customer supply markets from both an internal and external perspective. He was responsible for sourcing, pricing, negotiating and finalising retail supply contracting opportunities for significant energy users located across the National Electricity Market, as well as mentoring staff in the same field.

Roger is responsible for identifying and securing optimal retail revenue contracting arrangements through the day to day management of Pacific Hydro Australia's new retail function. This will include managing distribution business contracts, metering contracts, third party billing services contract with our preferred supplier, as well as the primary interface between Pacific Hydro Retail and internal stakeholders. Roger holds a Bachelor of Business from Monash University.

Senior Retail Project Manager – Josephine Kempster

Josephine Kempster joined Pacific Hydro in 2013 and was part of the team that developed the small customer retail strategy for Pacific Hydro Australia. Josephine has 11 years retail marketing experience within the Australian electricity and gas markets. Josephine has experience of preparing businesses for market entry on a state by state basis as part of full retail contestability covering strategy, market analysis and tactical sales and marketing campaign activities.

Josephine also has 14 years' experience in the oil industry working with BP Australia both nationally and international and holds a Bachelor of Engineering Electrical from the University of Melbourne.

Retail Operations Manager – Camille Hymer

Camille Hymer has 14 years' experience working within the energy industry. She has been responsible for developing and managing both front and back of office operations for retail businesses. She has also held positions within various industry working groups such as the Transfers and B2B working groups and the IEC/RMEC. Camille has recently joined Pacific Hydro in the position of Retail Operations Manager tasked with setting up both the front and back office

processes and procedures. Camille also has 10 years' experience as a secondary and TAFE teacher and holds a Bachelor of Education (Business).

Head of Commercial – Rachel Watson

Rachel Watson joined Pacific Hydro in April 2006 as Corporate Lawyer. In January 2009 Rachel was appointed to the position of Executive Manager, Legal then in May 2012 she took on the role Executive Manager, Finance and Legal with responsibility for leading the finance and legal teams in Pacific Hydro's Australian business. Since December 2013 Rachel has been the Head of Commercial with responsibility for Pacific Hydro Australia's legal team, energy trading activities, regulatory compliance and external affairs.

Prior to joining Pacific Hydro, Rachel worked as in-house counsel in Sydney and Melbourne for Orica Ltd, and spent three years in Japan working for a major turbine supplier. Rachel began her career as a solicitor in private practice in Melbourne. She has over 20 years' experience in major contracting transactions and other general commercial law issues.

Rachel has a BA/LLB (Hons) from the University of Melbourne.

Manager, Wholesale Markets – Andrew Hyland

Andrew Hyland joined Pacific Hydro in 2004. From 2004 Andrew held a number of positions in Pacific Hydro's finance department, including Finance Manager Chile and Finance Manager Asia/Pacific. In 2008 Andrew joined the Energy Markets team as Commercial Manager was appointed to the role Manager, Wholesale Markets in 2013..

His current responsibilities include Pacific Hydro's wholesale energy market sales, and electricity derivative trading activity, environmental products sales, AEMO prudential management, energy portfolio management and formulation of Pacific Hydro's retail pricing.

Andrew holds a Bachelor of Business from RMIT and is a member of the Institute of Chartered Accountants Australia.

Regulatory Manager – John Vendel

John joined Pacific Hydro in July 2008. John's role has been to strengthen Pacific Hydro's regulatory team and implement an Australia-wide compliance system for the management of Pacific Hydro's Australian generation assets and electricity retail business. John's previous role was Regulatory Manager and Analyst at the State Electricity Commission of Victoria (VicPower Trading) where he managed 7000GWh per year of long term Aluminium supply contracts and the associated regulatory arrangements including the market interface with the Australian Energy Market Operator. John has over 25 years' experience in the electricity industry and holds a Bachelor of Business and is a Certified Practicing Accountant.

Legal Counsel, Joseph Addy

Joseph joined Pacific Hydro in 2011 and has 6 years professional experience in the legal industry. During his time at Pacific Hydro he has been responsible for a range of property, operational and finance matters. Joseph has recently been appointed to the role of Legal Counsel, Australia. In this role he is responsible for managing the Australian Legal team and the legal issues for Pacific Hydro's Australian Business Unit. Joseph holds a Bachelor of Laws and a Bachelor of Arts.

Head of Finance – Kevin Sze

Kevin is responsible for leading the Pacific Hydro Australia Finance team in support of its strategic objectives. This includes the delivery of timely, accurate and strategic financial oversight in the management of its development, construction, operations, wholesale and retail activities.

Previously, Kevin headed up the corporate finance function within Pacific Hydro and was responsible for debt and equity raisings, treasury management and investment evaluation.

Prior to joining Pacific Hydro, Kevin had worked as a Chartered Accountant with PWC. Kevin has more than 15 years of accounting and finance experience and holds a Bachelor of Commerce (Honours) from the University of Melbourne and is a member of the Institute of Chartered Accountants Australia and a Fellow of FINSIA.

Manager, Business Services – Dirk Legenhausen

Dirk joined Pacific Hydro in 2011. Dirk is responsible for ensuring the smooth operations of the business services department, including management reporting, payroll, accounts payable and accounts receivable.

Prior to joining Pacific Hydro, Dirk worked as Financial Controller for two listed entities and as company auditor in the United Kingdom and Australia. Dirk holds a Bachelor of Science in Economics and Business Finance and is a member of the Institute of Chartered Accountants in Australia and England.

Operations Accountant – John D'Rozario

John joined Pacific Hydro in 2007 as Operations Accountant for the Australian Business Unit and has developed a specialisation in the management of energy market settlements, renewable energy product settlements and related annual compliance obligations.

Prior to joining Pacific Hydro, John had worked as a Chartered Accountant in public practice, most recently with Pitcher Partners. John has more than 15 years of accounting experience and holds a Bachelor of Business (Accounting) from Monash University.

8. Details of all contracts and agreements

Pacific Hydro Retail has the capacity to operate a small retail business, a number of key functional roles have been filled with industry experienced professionals and further retail specific appointments will be made as the level of customer numbers increase.

Agility CIS⁵, the supplier of an integrated customer metering, billing and management system (Orion) has been appointed as a key partner in the implementation of our small retail business.

A number of other service providers have also been established to broaden Pacific Hydro Retail's existing retail capability.⁶

9. Details of existing Licences held

Pacific Hydro is both a retailer and generator. It holds an existing retail licence in Victoria (>40MWh) and a National Retail Authorisation that allows it to operate across all levels of Retail in South Australia, Tasmania, New South Wales and the Australian Capital Territory.

Pacific Hydro, through its wholly-owned subsidiaries, holds generation licences in Victoria, South Australia and Western Australia, is accredited under the Mandatory Renewable Energy Target

⁵ Appendix 4 – Agility Billing System

⁶ Appendix 5 – List of Contracts and Agreements

(MRET) and a registered participant in the National Electricity Market. A complete list of licences⁷ held by Pacific Hydro related parties are included.

Perhaps the most notable accreditation from a retail perspective is Pacific Hydro also holds an Australian Financial Services Licence (AFSL), held by the wholly-owned subsidiary Pacific Hydro AFSL Pty Ltd, used for the purposes of trading in electricity derivative products.

In addition Pacific Hydro Retail is an accredited (licensed) retailer of GreenPower which it has held in since 2006.

10. Details of any regulatory complaints against the applicant or related company

There has been no prosecutions or regulatory complaints commenced against Pacific Hydro or any other related company.

11. Information on financial viability

Pacific Hydro Retail has sufficient financial capability to operate in the electricity retail segment. Pacific Hydro's existing operations include electricity generation (a natural hedge for retail) and commercial and industrial customers, the entry into the small customer retail segment is seen by our stakeholders as a conservative approach to electricity retailing. Energy market prudentials have been provided and are actively managed with the Australian Energy Market Operator, including the use of our existing generation to re-allocate exposure in the wholesale market. An Undertaking⁸ was also provided to the Australian Energy Regulator as part of our Authorisation requirements in 2012. Victorian electricity distribution arrangements are in place including the management of prudentials.

Included in the application are: the 2013 Pacific Hydro Annual Report⁹, an acceptable credit rating report¹⁰, and a copy of our AFSL Licence¹¹.

As part of our governance process, a business plan and associated strategy documents¹² were developed and approved for our small customer market entry. This information provides the rational supporting the small retail segment business viability.

12. Membership and association of industry bodies

Pacific Hydro Retail is a member/associate of:

1. Energy and Water Ombudsman Scheme of Victoria;
2. Energy and Water Ombudsman Scheme of South Australia;
3. Australian Energy Market Operator;
4. GreenPower Program Manager (NSW Trade & Investment);
5. Clean Energy Regulator

13. Internal Controls, Policies and Procedures

Pacific Hydro Retail, as an operating electricity retailer in the Victorian electricity market, has developed a number of policies and procedures that are relevant for the operation in the small customer market. Where appropriate these policies are being amended or new policies being developed to manage all compliance requirements. A summary of policies/procedures has been included¹³. An overarching Compliance Strategy¹⁴ for our Retail business has been developed and

⁷ Appendix 6 – Licences held by related parties

⁸ Appendix 7 – AER Undertaking

⁹ Appendix 8 – Pacific Hydro FY2103 Annual Report

¹⁰ Appendix 9 – Credit Rating Report

¹¹ Appendix 10 – Pacific Hydro AFSL Licence

¹² Appendix 11 – Business Plan for Retail to Small Customers

¹³ Appendix 12 – Pacific Hydro Retail – Policies and Procedures

was externally reviewed and signed off. This strategy is being revised to reflect the entry into the small customer retail space.

Pacific Hydro actively manages the relevant legislation applicable to its operations including:

- Electricity Distribution Code (May 2012 – V7)
- Electricity Customer Metering Code (April 2011)
- Electricity Customer Transfer Code (April 2011)
- Operating Procedure Compensation for Wrongful Disconnection (April 2012)
- Code of Conduct for Marketing Retail Energy in Victoria (January 2009)
- Guideline No 19 – Energy Price and Product Disclosure (June 2009 - Issue 3)
- Guideline No. 21 Energy Retailers' Financial Hardship Policies (January 2011)
- Guideline No 22 – Regulatory Audits of Retail Energy Businesses (September 2009)
- Energy Retail Code (December 2013 V10a)
- Electricity Industry Guideline No. 13 - Greenhouse Gas Disclosure on Electricity Customers' Bills
- Compliance Reporting Manual (Energy Retail Business) (September 2012)
- Energy Retail Performance Indicators (May 2013)
- Information Specification (Service Performance) for Victorian Energy Retailers (December 2008)
- Performance Reporting for VIC Energy Retailers (December 2008)
- Victorian Energy Efficiency Target Guidelines (September 2013)

14. Risk Management Policies

Pacific Hydro Retail will have a number of tools at its disposal to manage risks, including:

1. Pacific Hydro's Risk Management Policy;
2. Pacific Hydro's Enterprise Wide Risk Management (EWRM) Framework;
3. the Pacific Hydro Retail Risk Register;
4. the Renewable Energy Hedging Policy; and
5. the Retail Pricing and Contracting Procedure.

Each of these tools are used at different levels, and together they combine to form the risk management strategies for the retail business.

At the highest level Pacific Hydro's Risk Management Policy integrates risk management principles on an enterprise-wide basis to ensure a sound system of risk oversight, culture and management.

At the next level down Pacific Hydro's Enterprise Wide Risk Management (EWRM) Framework details the structure for achieving the Risk Management Policy objectives.

Both the Risk Management Policy and the EWRM are covered in some detail in the Retail Compliance Strategy.

At an operational level the primary tool for managing risks associated with the retail business is the Renewable Energy Hedging Policy. This policy will be reviewed for small customers and adapted if necessary.

¹⁴ Appendix 13 – Pacific Hydro Retail – Compliance Strategy

The company adheres to a robust governance structure which involves amongst other things a strict segregation of duties between the Retail team (Front Office), the Group Operations and Risk team (Middle Office), and the Compliance, Finance and Legal Team (Back Office). These arrangements are governed by the Renewable Energy Hedging Policy, which is overseen by the Energy Markets Committee (EMC), comprising the CEO, COO, CFO and General Manager Australia. The Renewable Energy Hedging Policy has been operational and regularly reviewed and improved since its implementation over five years ago. The Policy addresses numerous issues including:

- approved markets, products and counterparties;
- trading limits – including Earnings at Risk, Value at Risk, volumetric and pricing limits; and
- responsibilities and delegated authorities.

In addition Pacific Hydro has other strong governance arrangements related to the Renewable Energy Hedging Policy, including the Credit Review Procedures, the Australian Financial Services Licence Compliance Plan and the Anti-Money Laundering and Counter-Terror Financing Program. These are addressed further in the Retail Compliance Strategy.

The Renewable Energy Hedging Policy has recently been amended to accommodate the new retail business. The amendments were approved by the RET Committee for recommendation to the Board.

Whilst the Renewable Energy Hedging Policy is the principle risk management tool, some risks, principally concerning the mechanics of pricing and contracting retail load, are managed through the application of the Retail Pricing and Contracting Procedure.

15. Customer Hardship Policy

The Australian Energy Regulator approved¹⁵ Pacific Hydro Retail's Hardship Policy for operation in the South Australian market on the 13 December 2013. Our Hardship Policy¹⁶ has been amended to address the Victorian Jurisdictional requirements as part of this submission, once approved by the Commissioners we will request the AER approve the amended policy.

16. Standing Offer Terms and Conditions

Our Victorian Standing Offer Terms and Conditions are included¹⁷

17. Sample Electricity Retail Bill

We have included samples of our small customer bills.¹⁸

18. Statutory Declaration on truthfulness and accuracy of information supplied

A Statutory Declaration is included¹⁹

¹⁵ Appendix 14 – AER Hardship Policy Approval

¹⁶ Appendix 15 – Customer Hardship Policy

¹⁷ Appendix 16 – Standing Offer Terms and Conditions

¹⁸ Appendix 17 – Sample Electricity Retail Bill

¹⁹ Appendix 18 – Statutory Declaration