

AGORA
RETAIL

Application for a gas retail licence

Submitted to the Essential Services Commission
of Victoria

November 2017

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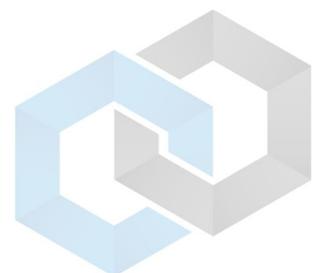
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1 Summary

Agora Retail Pty Limited (ACN 612 806 381) (**Agora Retail**) submits this documentation to the Essential Services Commission of Victoria (**the Commission**) as an application for a gas retail licence under the *Gas Industry Act 2001* (Vic).

This application has been prepared in accordance with the Commission's Guidance Notes for Application for Gas Licences and the Transfer of Existing Gas Licences, October 2006 (**Guidance Notes**). The documentation that comprises this application includes the content set out in Schedule 1 of the Guidance Notes. Any additional information the Commission may require in order to consider Agora Retail's gas retail licence application is available upon request.

Agora Retail has also developed and submitted a draft Gas Safety Case to Energy Safe Victoria in parallel with this retail licence application.

1.1 Agora Retail

Agora Retail is a specialised gas retail business and is a wholly owned subsidiary of Energy Matrix Group Pty Limited (ACN 050 889 604) (**Energy Matrix**). Energy Matrix's other activities include energy sector consulting and commercial project management, gas supply management, gas trading, gas transportation and equity gas marketing.

Agora Retail was established as a gas retail business in Western Australia in 2016. The creation of a gas retail business was leveraged off the experience of key staff members and Energy Matrix Group members in the Western Australian gas market. GasTrading Australia Pty Limited (ACN 128 382 374) (**gasTrading**) developed and continues to operate a de facto retail market interface, with the market and related contractual obligations, to service Geraldton Brick as a Self-Contracting User. gasTrading has managed the arrangements for Geraldton Brick since 2012. gasTrading is also a wholly owned subsidiary of Energy Matrix. In combination with its sister companies in the Energy Matrix group, Agora Retail has the capability, expertise, systems and personnel in place to enable it to retail gas competitively in Victoria.

Energy Matrix group companies have conducted business in the Australian energy sector for more than 25 years. As Project Consultancy Services Pty Limited (**PCS**), Energy Matrix provides strategic advice, commercial project management and contract negotiation support to governments and companies across Australia. Among other roles PCS recently completed a mandate with the office of the Northern Territory Chief Minister supporting the successful tender for the Northern Gas Pipeline (from Tennant Creek to Mt Isa) and acted as Lead Negotiator for the sale of Power and Water Corporation gas in the south east Australian gas market.

In 2009, through gasTrading, Energy Matrix created, and continues to operate, the gasTrading Spot Market™ in Western Australia. As an integral part of its operation of the gasTrading Spot Market™, gasTrading has set the standard for publishing sensitive market price and trading volume information monthly since mid-2012. gasTrading also provides a range of bespoke gas transport and supply services and provides gas supply management services to 21 miners, gas producers, power generators and commercial and industrial gas users around Australia.

Agora Gas Pty Limited (ACN 160 254 311) (**Agora Gas**), also a wholly owned subsidiary of Energy Matrix, is a wholesale gas trader, currently buying and selling gas in Western Australia's Wholesale Gas Market. We have trading arrangements in place with 28 natural gas users, purchasing around 3,500 TJs of gas per annum.

Figure 1 below shows the Energy Matrix structure.

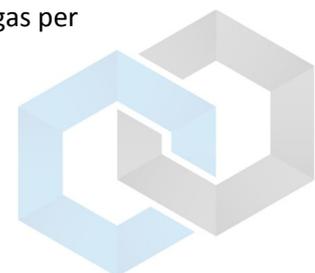
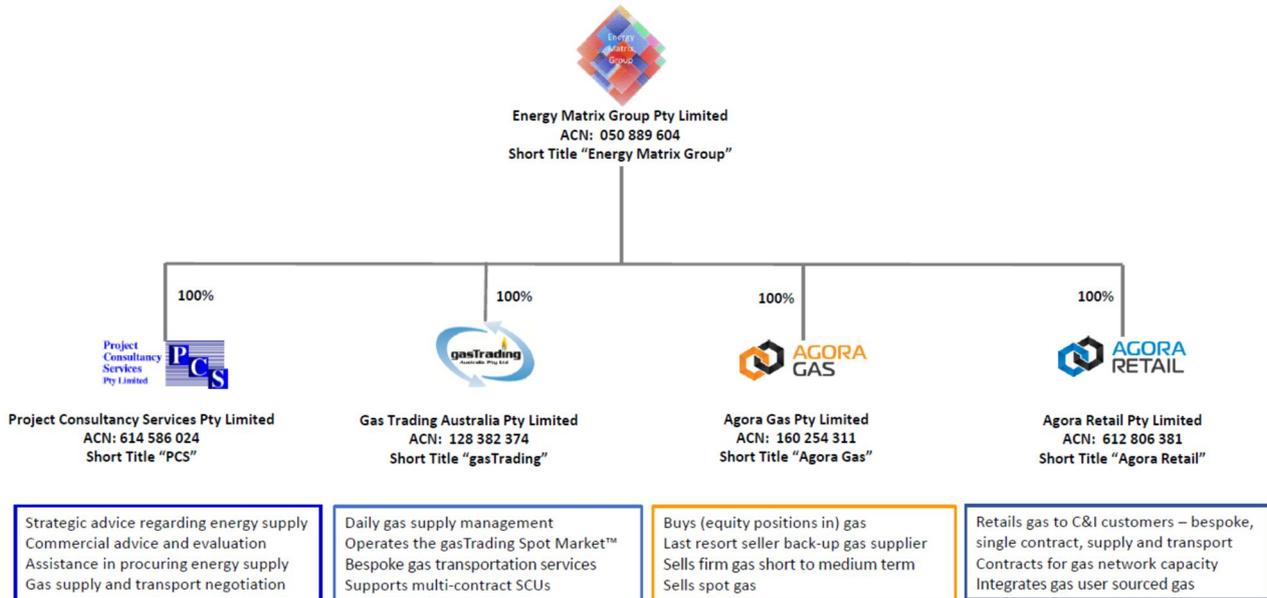


Figure 1. Energy Matrix Structure



Agora Retail shares the same key personnel who own and operate PCS, gasTrading, and Agora Gas. Therefore, we are able to draw upon considerable experience and ongoing commercial relationships to be able to retail gas effectively and competitively in Victoria. The Energy matrix group operates on an insourcing basis, engaging the qualified and experienced people needed to allow group members to deliver a high-quality, bespoke service to customers.

Figure 2 below shows Agora Retail’s current organisational structure.

The key personnel responsible for the management and operation of Agora Retail are:

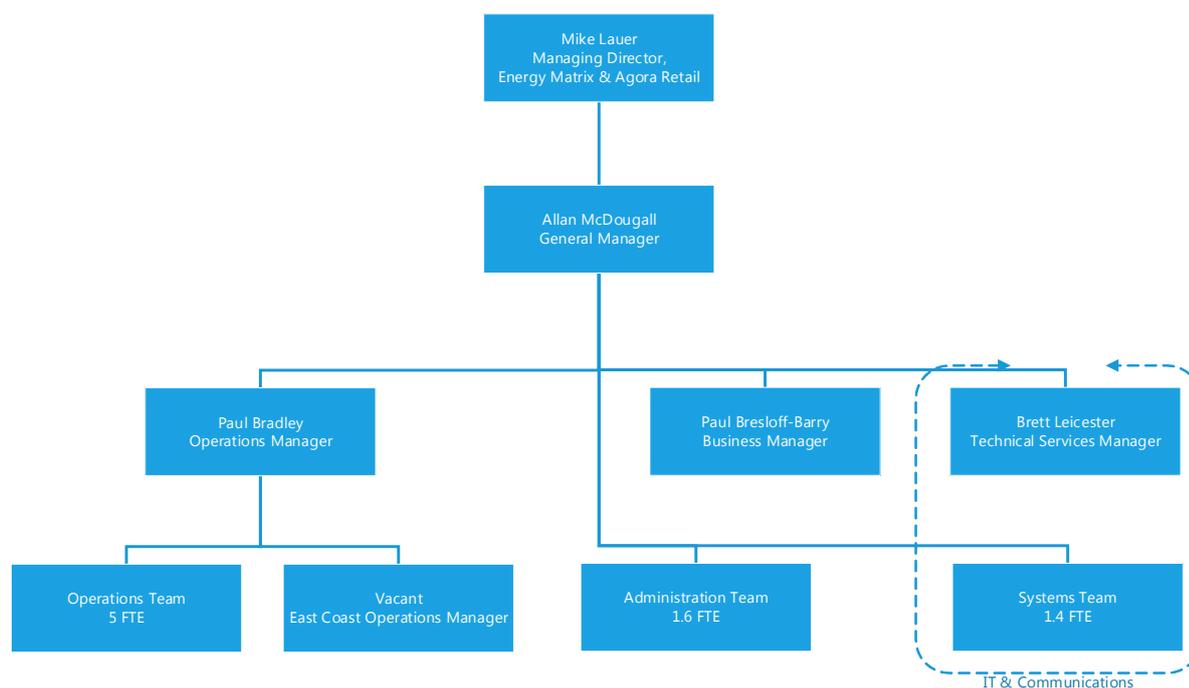
- Mike Lauer, Executive Director;
- Allan McDougall, General Manager;
- Paul Bradley, Operations Manager;
- Paul Bresloff-Barry, Business Manager; and
- Brett Leicester, Technical Services Manager.

An outline of the skills and experience of these key personnel is provided in section 4.1.1.1 of this application.

Primary accountability for the operation, development and performance of Agora Retail lies with the Executive Director and the General Manager. It is the role of the Executive Director and the General Manager to ensure that the Operations Team has the resources and tools necessary to satisfactorily perform their responsibilities efficiently and safely. The Executive Director and the General Manager are responsible for commercial and regulatory interface with customers, regulators, pipeline companies, gas suppliers and the market generally.



Figure 2. Agora Retail organisation chart



The Operations Manager manages the Operations Team and has day-to-day operational responsibility for Agora Retail operations, in particular:

- contract management (customer, producer and pipeline);
- interfaces with other market participants (pipelines and AEMO); and
- gas supply incident identification, escalation and response management, including in relation to:
 - safety;
 - security of supply;
 - gas quality; and
 - re-instatement of supply following an incident.

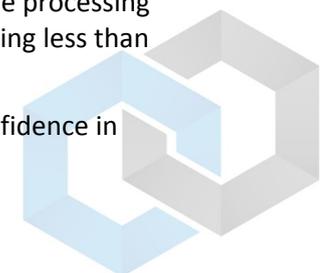
Agora Retail’s IT systems, including its IT interfaces with other market participants, are also managed internally and are the responsibility of the Technical Services Manager, working with the Operations Manager.

Contract administration and customer billing are also managed internally by the Administration Team, working closely with the Operations Team.

1.2 Our objectives in the Victoria gas retail market

Agora Retail seeks to participate in the Victorian gas market, retailing gas to commercial and industrial customers, and participating in the Declared Wholesale Gas Market (the **DWGM**). Agora Retail intends to offer bespoke gas retail arrangements to medium-to-large (**Tariff D**) commercial and industrial gas users in Victoria. Typical Tariff D customers include cement works, brickworks, mineral, food and textile processing and industrial companies. Agora Retail does not intend to retail gas to small business (consuming less than 10 TJ per annum) or residential customers.

More details on Agora Retail’s objectives in the Victorian gas retail market are provided in confidence in Agora Retail’s Victorian Gas Market Entry Business Plan is provided (Appendix A).



1.3 The Commission's objectives

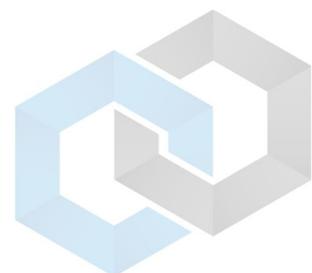
Agora Retail fully intends to support the Commission in its primary objective of protecting the long-term interests of Victoria's energy consumers by providing additional competition in the market and delivering greater choice and quality of service to medium-to-large natural gas consumers. Agora Retail understand that it will not win or retain customers if its value proposition does not compete with other gas retailers. Therefore, every effort will be made to offer tailored, responsive and efficient retail services that will enhance the overall competitiveness and range of choice in the Victorian natural gas market.

In the pursuit of its objectives, Agora Retail will not impede efficient investment or the efficient operation of the market or promote monopolistic behaviour or the abuse of market power. Energy Matrix, through the gasTrading Spot Market™ sets the standard for market transparency in Western Australia.

Agora Retail will honour all elements of the *Gas Industry Act 2001*, the *Essential Services Commission Act 2001*, and all related regulations.

1.4 Statutory declaration confirming that all information provided is true and correct

Appendix B includes a statutory declaration as required by the Commission, confirming that all information provided in this application is true and correct.



2 Applicant information and nature of the application

This section contains information about the gas licence applicant and the nature of the application.

2.1 Applicant details

Name	Agora Retail Pty Limited
ABN	68 612 806 381
ACN	612 806 381
Registered address	Level 8, 10 Queen Street Melbourne Victoria, 3000
Business address	Suite 1, 160 Newcastle Street Perth, WA, 6000
Postal address	PO Box 520 Northbridge WA 6865
Contact person	Paul Bresloff-Barry Business Manager Agora Retail Pty Ltd Suite 1, 160 Newcastle Street Perth, WA, 6000 Email: commerical@agoraretail.com.au Phone: 08 9228 1930
Certificate of registration	Provided in Appendix C
Company constitution	Provided in Appendix D
Diagram of company structure	Provided in Figures 1 and 2 of section 1 of this document
Summary of experience of key personnel	Provided in section 4.1.1.1
Shareholding information	Provided in Appendix E
Summary of contracts and agreements relevant to the application	Status Report of energy market contracts provided in Appendix I Management Service Agreement provided in Appendix J

Name	Agora Retail Pty Limited
ABN	68 612 806 381
Summary of prosecutions or regulatory complaints against the company and/or personnel	Agora Retail confirms that no prosecutions or regulatory complaints have been made against the company or any key personnel in any jurisdiction.

2.2 Application details

Type of licence sought	Licence to retail gas in Victoria
Commence date sought	1 July 2018
Nature and scope of proposed operations	Retailing natural gas to medium-to-large sized "Tariff D" Commercial and Industrial gas users. See section 1.2 of this application.
Jurisdiction	Victoria
Intended customers	Commercial and Industrial (Tariff D) customers who are medium-to-large customers (i.e. not small customers within the meaning of section 3 of the <i>Gas Industry Act 2001</i>). See section 1.2 of this application.
Details of current or former licences	Agora Retail retails gas to a similar market in Western Australia but does not require a licence for this purpose.
Previous unsuccessful licence applications	None
Licence held by associates of the applicant	None
Licence conditions	Agora Retail is seeking standard Victorian gas retail licence conditions.



3 Financial viability

This section provides information that confirms Agora Retail's financial viability.

3.1 Copies of audited financial reports

We provide in Appendix F a copy of hypothetical consolidated accounts for Energy Matrix for the past two years. As noted previously, Energy Matrix (formerly Project Consultancy Services) began operation in 1991 and the members of Energy Matrix created gasTrading in 2007, Agora Gas in 2016 and Agora Retail in 2016. All shares owned by the members in gasTrading, Agora Gas and Agora Retail were sold to Energy Matrix as at 1 July 2017. Though Energy Matrix did not exist at 30 June 2017 we have had a consolidated account prepared for the group on the basis of the new structure. This consolidated account has been prepared from individual 30 June 2017 accounts for each of the group member. These accounts have been prepared in accordance with all laws and requirements relating to proprietary limited companies and are available on request.

The consolidated accounts for the group include:

- consolidated financial statement for the group;
- notes to the financial statements; and
- a compilation report.

We also provide in Appendix H, a confidential statement confirming the liquidity and appropriate financial management of Agora Retail, provided by our external accountants.

3.2 Agora Retail annual report

We provide in Appendix G a copy of Agora Retail's financial statements for 2016/17. Agora Retail was only created in financial year 2016/17 and since then has established itself as a retailer in Western Australia and it has commenced its Victorian Gas Market Entry. Agora Retail's accounts indicate that it has focused on investing in establishing its market position but it has not yet traded. Agora Retail's accounts for 2016/17 reflect its short history.

Agora Retail's activities in financial year 2017/18 have focused on the Victorian Gas Market Entry and its accounts to the end of October 2017 reflect the outcome reported in the 2016/17 accounts.

The Agora Retail financial statements include:

- all financial statements required by laws relating to proprietary limited companies;
- notes to the financial statements;
- a director's declaration that the financial statements comply with the policies outlined in the notes to the report and present fairly the company's financial position and performance for the year just ended and that there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and
- a compilation report.

Agora Retail is the beneficiary of a Management Service Agreement with Energy Matrix which whereby Energy Matrix undertakes to ensure Agora Retail is adequately resourced and supported to conduct its business.

A confidential copy of the Management Service Agreement is provided in Appendix J.

We confirm that, with the support of Energy Matrix, Agora Retail is in a strong financial position and has, or has access to, sufficient financial resources to sustain a viable business in the Victorian gas market.

3.3 Credit rating

Agora Retail does not have a credit rating.



3.4 Details of bank guarantees

Appendix H contains information on the approved lines of credit to which Energy Matrix have access and its current bank guarantees which, together with the information in its consolidated statements, demonstrate its financial capacity to meet the prudential requirements of the Victorian gas market.

We confirm Agora Retail is financially viable and able to meet the financial criteria for being a gas retailer.

3.5 Significant contracts

3.5.1 Contracts with other gas market participants

For Agora Retail to supply Commercial and Industrial gas users in the Victorian gas market it needs to:

- secure a Gas Retailer's Licence;
- purchase a base quantity of gas;
- enter into gas sale agreements that largely match the base quantity of gas purchased;
- become a participant in the Victorian Wholesale Gas Market;
- enter into gas transport agreements for the gas it purchases;
- enter into up to three gas distribution agreements with each of Victoria's three gas distribution companies; and
- enter into one or more gas storage agreements with gas storage facilities (of which there are at least three options).

Agora Retail's original plan was to enter the Victorian gas market ready for business by 1 January 2018 and, to this end, Agora Retail participated in a June tender for the supply of gas, opened gas supply negotiations with other potential suppliers and commenced discussions with the APA Group and Victorian gas distribution companies.

However, it became apparent very quickly that:

- the statutory processes involved in entering the market;
- uncertainty regarding the timing and outcome of those processes; and
- Federal Government engagement to ensure east coast gas supplies,

meant that early commitments to gas prices and to date specific take or pay obligations would represent an unacceptable risk.

To that end Agora Retail re-set its market entry date first to second quarter 2018 and subsequently to third quarter 2018 and withdrew from any negotiations which carried risks inconsistent with that revised timetable. Agora Retail sees its engagement with the Victorian gas market to be long term in nature and a small delay in entry is not considered to be critical. As events have transpired the softening in gas supply prices over the last five months, resulting largely from public outcry and Federal Government engagement with gas producers, has validated Agora Retail's strategy.

A status report regarding these negotiations is provided in confidence in Appendix I.

3.5.2 Management Service Agreement

Agora Retail is the beneficiary of a Management Service Agreement with Energy Matrix which whereby Energy Matrix undertakes to ensure Agora Retail is adequately resourced and supported to conduct its business. This agreement provides Agora Retail with access to Energy Matrix's human and financial resources.

A confidential copy of the Management Service Agreement is provided in Appendix J.



3.6 Business plan

A copy of Agora Retail’s Victorian Gas Market Entry Business Plan is provided in confidence in Appendix A.

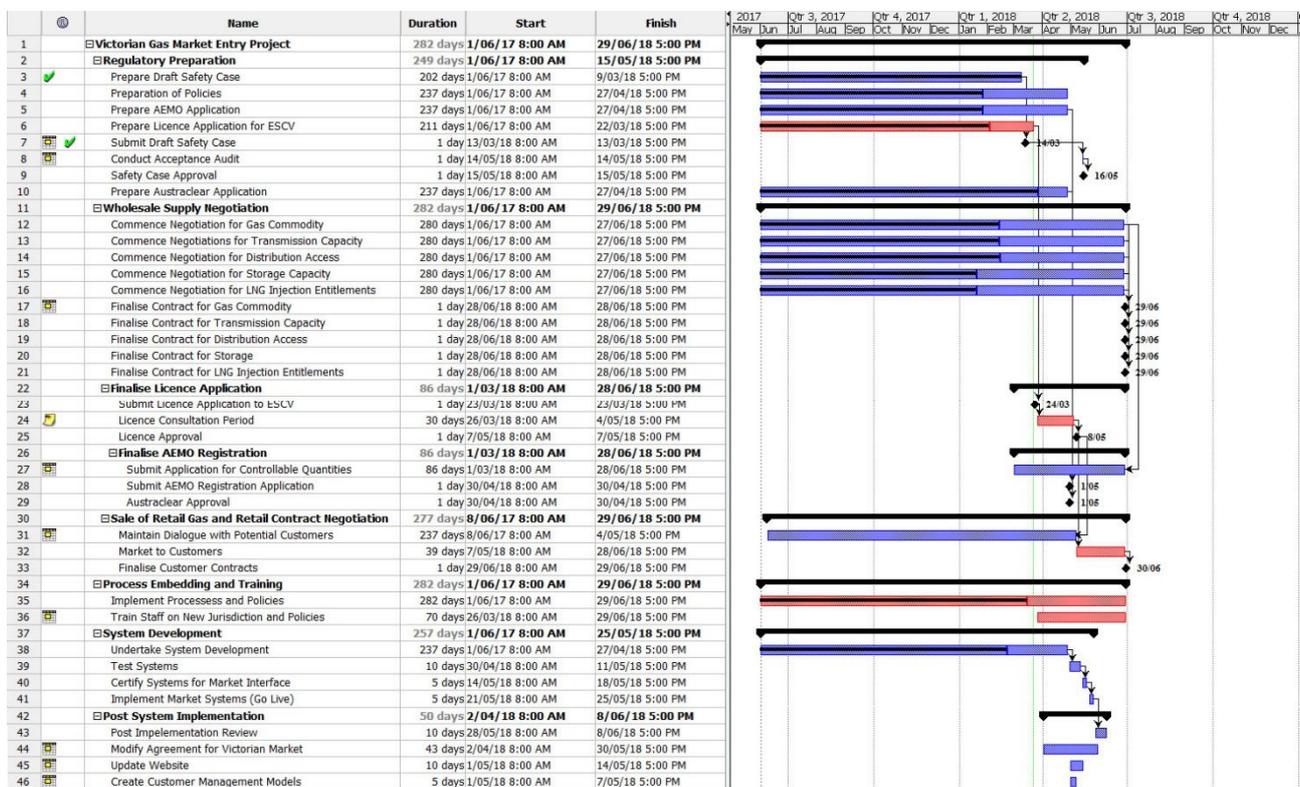
The Business Plan:

- covers the period from 1 July 2017 to 30 June 2023;
- includes financial model and cash flow forecasts;
- incorporates strategies for the timing of market entry and contract commitment to avoid financial risk; and
- is based on sophisticated gas load and pricings models designed to manage financial risk.

3.7 Timeline

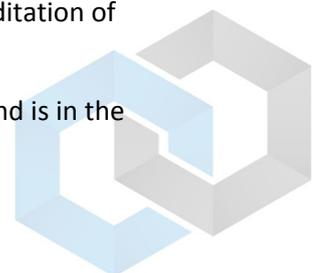
Figure 3 below shows a high-level timeline for Agora Retail’s Victorian Market Entry.

Figure 3 - High Level Timeline

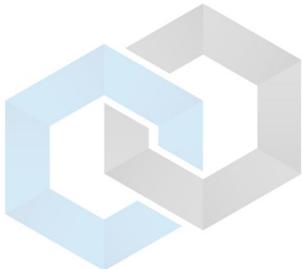


As can be seen from the timeline, many of the major tasks have been either completed or significant progress taken towards completion. Appendix I evidences the contract negotiations that Agora Retail has undertaken with gas producers to secure entitlements at gas production facilities and injection points. As part of its application to AEMO, Agora Retail is in the process of lodging Applications for Accreditation of Controllable Quantities for each injection point.

Agora Retail has made significant progress towards negotiation of a payment deed with APA and is in the process of executing that agreement.



Agora Retail has undertaken significant systems development and will be in a position to test and certify its systems with AEMO to transact with the FRC Hub.



4 Organisational capability and technical capacity

This section describes Agora Retail's organisation capability and technical capacity. It demonstrates that Agora Retail has the expertise, knowledge, skill and experience to operate a viable gas retail business in Victoria.

4.1 Gas industry and wholesale energy skills and experience

Agora Retail has the experience and expertise to deliver reliable and competitive retail operations to medium-to-large gas customers in Victoria. As part of the Energy Matrix group of companies, Agora Retail is led by people with more than 25 years of experience servicing the Australian energy sector in general and the gas industry in particular.

Project Consultancy Services Pty Limited (before the establishment of the Energy Matrix parent company) played substantial roles:

- in support of the Victorian Government, Gas Industry Reform Unit during the reform and privatisation of the Victorian gas industry and in its contribution to reform of the Australian gas market;
- in support of the Northern Territory Office of the Chief Minister in the successful development of the Northern Gas Pipeline (from Tennant Creek to Mt Isa) and as Lead Negotiator designing and delivering the sale of Power and Water Corporation gas to buyers in south eastern Australia;
- as project manager for the commercial development of the Goldfields Gas Pipeline;
- in negotiations for the supply of PNG to Australia; and
- in many gas sale, purchase and transport agreements and arrangements.

Our gas market understanding and capability is demonstrated by the success of our gasTrading business, a key part of Energy Matrix. Established in 2007, gasTrading facilitates the smooth and efficient operation of multiple gas sale and purchase contracts. Through its gas contract management service, gasTrading works with clients to manage gas supply costs, ensuring the most efficient amount of gas is nominated for delivery each day. In 2009 gasTrading created a WA spot market, which has grown considerably. Almost every shipper on a major pipeline in WA has now contracted in some way to use the gasTrading Spot Market™. In 2012 gasTrading developed all the retail systems and processes needed to support the interaction of Self-Contracting Users with the Western Australian gas market. gasTrading has managed the market interface and contract obligations of Geraldton Brick, as a Self-Contracting User, since that date.

The gasTrading team offers an unparalleled level of expertise and experience with:

- 14 expert staff members to manage the business and gas supply for clients;
- a large Perth presence, and an established Melbourne office in operation for 3 years
- more than 250 TJ/d of gas under management;
- 21 clients across multiple States and Territories and different industries, including miners, manufacturers and gas producers;
- multiple people monitoring and updating results and data on independent systems and using independent models to minimise the risk of error and for cross checking, redundancy and back-up purposes;
- experienced operators in managing gas supply on all major pipelines and utilising available mechanisms to minimise potential charges for clients;
- leveraging a large portfolio of client's positions to assist each other where needed and available at no risk to the other; and
- regular contact with all players in the gas market, upstream, midstream and downstream.

The success of gasTrading led Energy Matrix to create Agora Gas, which buys and sells gas on behalf of clients in the Western Australian wholesale natural gas market. The creation of Agora Gas means Agora



Retail is ideally placed to take the next step and retail gas to major customers located in Western Australia's regulated gas market.

Developing on the Self Contracting User Model for market access, Agora Retail offers customers a single contract where Agora Retail delivers gas to the customers' premises. Agora Retail in turn uses Agora Gas and gasTrading to manage upstream supply arrangements, ensuring prices remain competitive and agreements flexible.

Agora Retail is currently progressing an application for participation in the AEMO's:

- Declared Wholesale Gas Market;
- Retail Gas Markets; and
- National Natural Gas Bulletin Board.

gasTrading is already a market participant contributing to the Gas Bulletin Board in the Western Australia.

Through the development and operation of:

- retail systems in Western Australia;
- the gasTrading Spot Market™; and
- retail market systems and processes to support an individual customer as a Self-Contracting User,

Energy Matrix has demonstrated its ability to operate in energy markets in compliance with all relevant market rules and procedures.

Agora Retail also has established relationships with key industry participants, including market operators, network operators, retailers, generators as well as energy users.

4.1.1 Our people

Agora Retail has access to key personnel who own and operate PCS, gasTrading and Agora Gas. Agora Retail therefore has considerable expertise in retail and wholesale markets, finance, economics and regulation. The Management Services Agreement between Energy Matrix and each of its subsidiaries governs the staffing of the subsidiaries.

With respect to retailing gas, Agora Retail will leverage off existing resources to establish the gas retailing function. Agora Retail will also hire additional experienced and qualified personnel where required. Staff will receive both internal and external training run by specialists (e.g. training courses run by AEMO). Policies and procedures will also be amended or developed to specifically cater to gas functions.

All functions of gas retail operations will be undertaken internally to maintain control and ensure quality. As noted in section 4.1 above, Agora Retail is the beneficiary of a Management Service Agreement (provided in confidence in Appendix J) with Energy Matrix. It is in accordance with this agreement that Energy Matrix personnel perform Agora Retail functions. No direct impact functions will be outsourced.

Functions including customer service, sales, settlements, billing, wholesale supply contracting, operations (e.g. forecasting, nominations, bidding), wholesale market trading, risk management, interfacing with wholesale and retail market system and network operator systems, gas emergency management, financial control and regulatory compliance will all be managed in-house. The types of support services that will be outsourced are accounting (which is currently outsourced), legal services and specialist technical support such as gas quality and metering services.

Employees of Energy Matrix have grown and managed the retail gas book for a major Western Australian gas retailer, held the posts of Director of Energy (Northern Territory) and President of the Australian Pipeline and Gas Association, made substantial contributions to gas industry reform in Australia and been heavily involved in major gas development projects. Curricula vitae are provided in section 4.1.1.1 below.



4.1.1.1 Our management team

Mike Lauer, Managing Director Energy Matrix and Agora Retail

Mike holds a first class honours degree in economics from the University of NSW. He specialises in providing commercial advice regarding oil and gas supply, oil and gas projects and remote power generation developments. Over the past 30 years Mike has played a significant role in major projects in the energy sector in Australia.

Mike's involvement in the energy sector started with his role in negotiating the gas purchase, transportation and associated agreements for the Amadeus Basin to Darwin Gas Pipeline in 1985. Since that time his career has followed a path which has included:

- senior government positions in the Northern Territory, including Group Manager Business Development Power and Water Authority, Secretary of Darnor Pty Ltd, Secretary of Gasgo Pty Ltd and Director of Energy;
- Director of Capel Court Investment Bank;
- Chairman and CEO of Saipem Australia Pty Ltd;
- principal and Director of Project Consultancy Services Pty Limited;
- board member, and subsequently President, of the Australian Pipeline Industry Association; and
- principal and Director of Gas Trading Australia.

Over the course of his career, Mike has gained knowledge and expertise in a wide range of policy and commercial disciplines.

Mike is a guest lecturer at the University of Western Australia, teaching in the Oil and Gas Law course, in which he conducts lectures and workshops on energy marketing and on gas transport and storage contracting. He served on the executive committee of the Australian Pipeline Industry Association for a number of years and was President of the Association in 2001.

Mike is a member of AEMO's Gas Advisory Board in Western Australia.

Allan McDougall, General Manager Agora Retail

Allan joined Energy Matrix in January 2012 as a principal consultant after 17 years with Synergy, Western Power and SECWA, specialising in commercial negotiations, business development and tender evaluation.

Allan represented Synergy as a Director of the Retail Energy Market Company, on the Gas Supply and Emergency Management Committee following the Varanus Island incident and various other groups and bodies such as CCI and Domgas Alliance.

From September 1999 to December 2011 Allan worked extensively on externally focused commercial activities for Synergy and Western Power, most notably the development of Synergy's gas business through in the five year period to June 2011 characterised by around 450% growth in sales volume and 1200% growth in revenue. Allan's primary responsibilities in the gas business included:

- designing the overall management and strategic direction;
- negotiating gas supply contracts, most recently from the Gorgon Project;
- identifying and securing new cornerstone customers;
- renegotiating existing gas supply arrangements to meet changing requirements;
- negotiating gas transport arrangements;
- overseeing trading activities;
- managing stakeholder relations from government to customer operations; and
- establishing Synergy as a major player in the Western Australian gas market.



Prior to joining the gas business Allan fulfilled a variety of functions in Western Power's Power Procurement branch, when the Kemerton and Newgen Kwinana gas-fired generators were commissioned. In addition to working on Power Procurement, Allan was also financial controller of Bright Telecommunications and the Emerging Business Unit. Responsibilities included the development of business plans and appropriate reporting and governance structures in the financial and management systems.

Paul Bradley, Operations Manager Agora Retail

Paul is the Operations Manager for gasTrading and Agora Retail. Paul has significant experience in the role since he joined the organisation in 2011 and has successfully managed the Operations Team during a period of significant growth over the last six years. Paul's responsibilities include:

- the day-to-day management of the Operations Team;
- the management of contracts with upstream gas suppliers in totaling over 250TJ of gas deliveries per day;
- management of the gasTrading Spot Market™;
- extensive engagement with key stakeholders regarding all matters of billing, market operations and daily gas supply and transport needs;
- management of gas management and trading models and the accurate recording and management of trading information;
- meeting the gas consumption requirements for over 20 of downstream gas customers across Australia; and,
- emergency management and troubleshooting any gas supply issues.

Paul Bresloff-Barry, Business Manager Agora Retail

Paul joined Energy Matrix in September 2016 as the Business Manager after 15 years with the Western Australian State Government owned energy network and retail businesses - Western Power and Synergy. Paul specialises in contract management, commercial negotiation, and information and regulatory management/compliance.

In 2014-2015, Paul managed the Electricity Transfer Access Contract between Western Power and Synergy and the Gas Network Haulage Agreement between ATCO Gas Australia and Synergy. Paul's focus was to ensure all field work services and electronic information exchanges were carried out in accordance with the agreements between the organisations.

From 2012 to 2014, Paul was the Billing Transactions Manager for Synergy and oversaw a team of bill processing staff who were under Ministerial direction to bring all of Synergy's (offshore) outsourced billing function in-house. Prior to this, Paul had been responsible for teams providing retail services and advice to major customers in relation to credit control, contract management and network services.

Paul has also held operational roles responsible for wholesale trading of electricity and gas and renewable energy certificates. He was also the longest serving member of the Rule Change Committee advising the Retail Gas Market Operator prior to handover of operations to AEMO in 2015/16.

Brett Leicester, Technical Services Manager Agora Retail

Brett joined Energy Matrix in December 2013 as Technical Services Manager with over 12 years' experience specialising in financial analysis, data mining, forensic accounting and developing complex models to manage and report both financial and non-financial data.

Brett worked for two top-tier accounting firms – Deloitte for eight years, and KPMG for four years. His professional exposure in this global, competitive environment has contributed greatly towards the



development and enhancement of his analytical, investigative and performance monitoring skills which he is able to apply at both a strategic and operational level.

Examples of engagements that demonstrate Brett’s experience and abilities include the following.

- Efficiently analysing complex data sets, from multiple sources, to generate concise technical reports designed to provide insight to key stakeholders.
- Designing databases to facilitate analysis of contractor invoicing and populating those databases with data from several unstructured sources (hard copy and PDF documents).
- Acquiring, collating and analysing claim, customer and supplier data relating to potentially fraudulent transactions on behalf of the Federal Government, including developing procedures and algorithms designed to identify fraud or safety risks.
- Developing supplier profile, to be applied to suppliers under a Federal Government incentive scheme, to focus the Federal Government’s fraud investigation efforts on suppliers most likely to engage in fraud or non-compliance.
- Acquiring and analysing employee performance data to determine whether evaluation processes are being applied consistently amongst various business units to highlight anomalies for further scrutiny, including through user-friendly data visualisations.

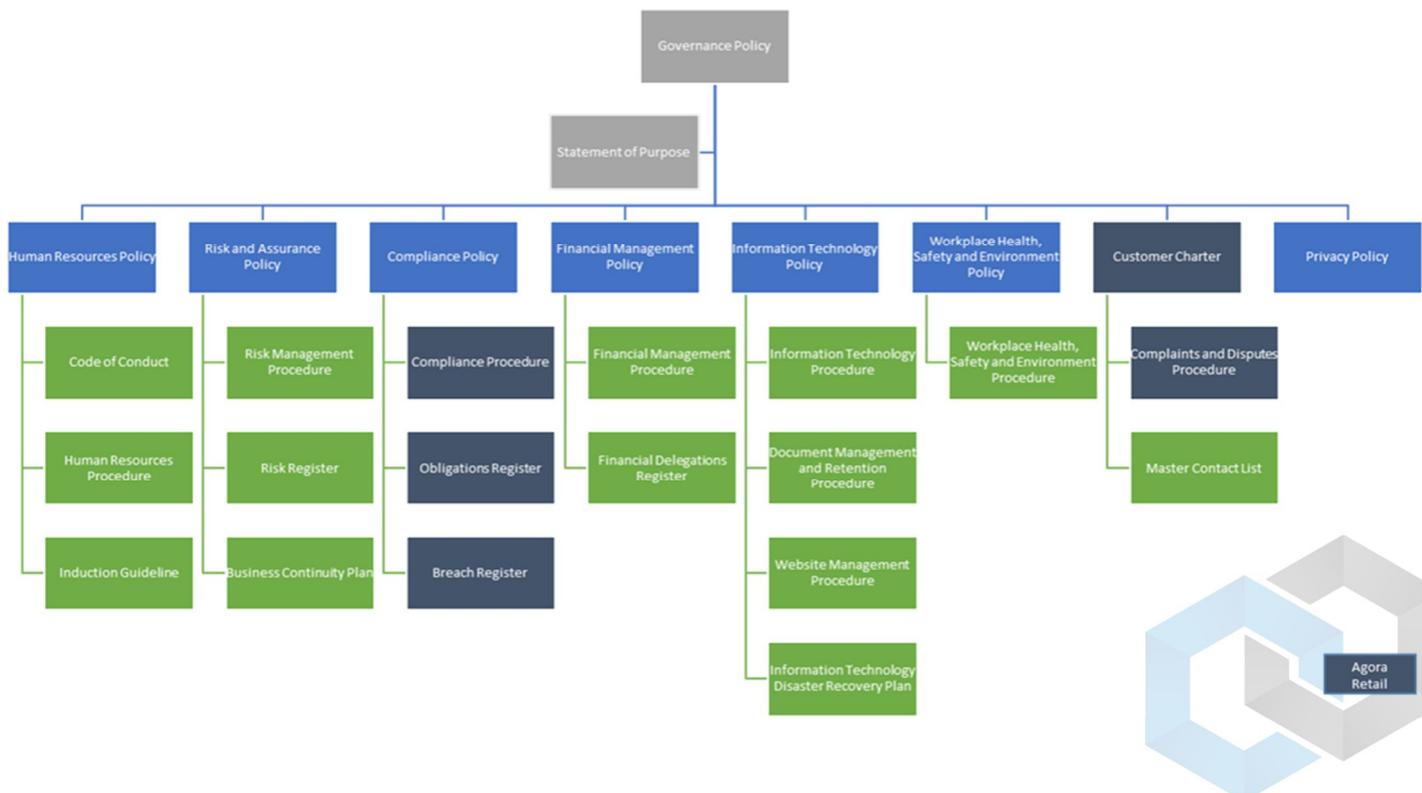
Further details on the experience of Agora Retail’s key personnel are outlined in the PCS brochure, which is provided in confidence in Appendix K.

4.1.2 Governance, risk management and compliance

Agora Retail operates under the policies and procedures of its parent company, Energy Matrix, as well as a number of specific Agora Retail procedures. This includes overarching corporate governance and risk management policies. All policies and procedures are reviewed and updated periodically.

Figure 4 shows Energy Matrix’s current suite of policies and procedures that apply to Agora Retail and identified those specific to Agora Retail.

Figure 4. Energy Matrix and Agora Retail policies and procedures



4.1.2.1 Corporate governance

The structure of Energy Matrix reflects its origins as a family operated, proprietary limited company.

Energy Matrix is a sole director/company secretary company with the director operating as the Managing Director/CEO (the **Executive Director**).

Energy Matrix, and each of its subsidiaries, is managed by a senior management team made up of the Executive Director, the General Manager and the Operations Manager (the **senior management team**). Currently, the same individuals perform the same management roles in Energy Matrix and in each of its subsidiaries.

Agora Retail operates subject to a suite of policies and procedures that satisfy applicable Australian Standards, and cover the critical governance activities including:

- diversity and human resources;
- operational and financial risk management;
- compliance;
- maintenance of accounting requirements;
- IT operation and security;
- retention and disposal of information;
- health, safety and environment;
- complaints and dispute management; and
- privacy.

These Energy Matrix policies contain statements of principle that set out Energy Matrix's intention and direction in each subject area. These policies enable the business to make effective leadership and other significant decisions when pursuing its business objectives.

Each Energy Matrix policy is approved by the Executive Director and the responsibility for implementation, monitoring, training and review resting with the General Manager. It is an employment condition for all personnel that they comply with all approved company policies.

The approved Energy Matrix policies are shown in Figure 4. Each corporate policy is supported by one or more frameworks and, or, procedure. Each policy and procedure will be reviewed and evaluated by the senior management team at least once in every three-year period, and earlier if circumstances in the businesses require.

Each of Energy Matrix's policies and procedures extends to all Energy Matrix companies, including Agora Retail, with some procedures applying specifically to Agora Retail as indicated in Figure 3 above.

An overview of the policies and procedures is provided in the sub-sections below.

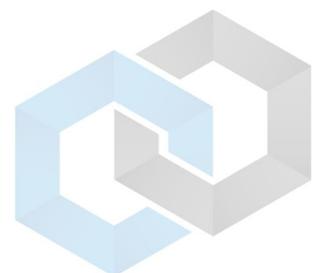
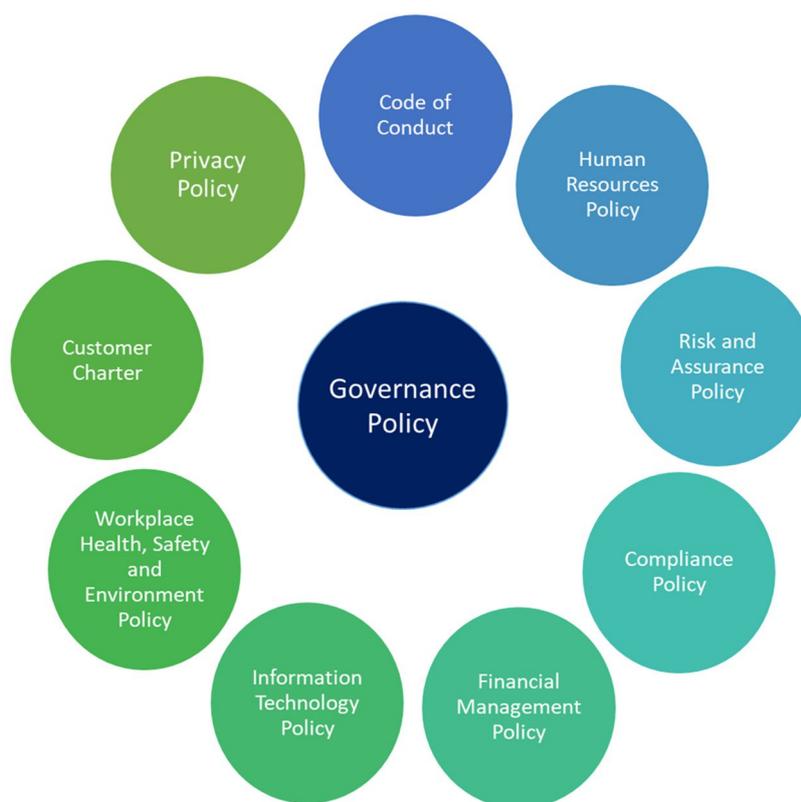


Figure 5. Energy Matrix policies



4.1.2.2 Human resources, training and code of conduct

Energy Matrix is committed to engaging the right people to fill vacancies, ensuring positions are filled with people who meet the company's business and operational requirements and who are committed to delivering successful outcomes for our customers.

All our employees are required to have suitable qualifications relevant to their position and duties. In addition, all employees receive extensive training in their areas of responsibility.

Energy Matrix ensures its employees are fully qualified in a number of ways, including:

- recruiting suitably qualified and experienced personnel;
- requiring all new staff to be familiar with the policies, procedures and plans (including the Safety Case and the Workplace Health, Safety and Environment Policy) relevant to their role, as part of their induction;
- making all Energy Matrix and Agora Retail policies, procedures and plans available to staff throughout their employment with Energy Matrix; and
- reviewing performance, competencies and the need for further training in half yearly performance reviews with each employee.

In addition, Agora Retail managers and staff are entrusted with identifying and taking steps to rectify any training gaps, in accordance with performance management and development procedure set out in the Human Resources Procedure.



Energy Matrix has a Code of Conduct which sets out what are minimum acceptable standards of behaviour and interaction with colleagues, customers and other external parties. All staff undertake training on the Code of Conduct during their company induction.

4.1.2.3 Risk management

Energy Matrix is committed to effective risk management in all of its operations and business dealings and has a focus on continuous improvement. Energy Matrix maintains a number of policies, procedures and systems to manage risk, compliance and corporate governance.

Agora Retail uses Energy Matrix's corporate Risk Management governance document suite to manage its risks.

The risk management document suite has been designed to conform to AS/NZS ISO 31000:2009, and includes a:

- Risk and Assurance Policy (Included as Appendix P);
- Risk Management Procedure;
- Risk Register; and
- Business Continuity Plan.

This document suite also relies heavily on the adherence to, and linkages with, the remainder of Energy Matrix and Agora retail policies and procedures to ensure all risks are identified, evaluated, treated monitored and documented.

Business areas where risk is likely to be elevated and where there is a greater likelihood and consequence of adverse impact, such as trading, credit management or safety risk management, have additional dedicated processes in place and attract greater senior management commitment to manage the risks daily.

4.1.2.4 Compliance

Agora Retail will ensure it complies with all licence obligations, and all laws and regulations under *the Gas Industry Act 2001* as well as the National Gas Law, National Gas Rules, and all associated rules and procedures pertaining to the retail and wholesale gas markets. We will also comply with all gas distributor imposed requirements, and have established a Gas Safety Case which has been submitted to Energy Safe Victoria as required under the *Gas Safety Act 1997*.

Agora Retail monitors and reports on its compliance with all energy sector obligations, including safety obligations in accordance with the Energy Matrix Group Compliance Policy (included as Appendix Q) and Agora Retail Compliance Procedure (**Compliance Framework**).

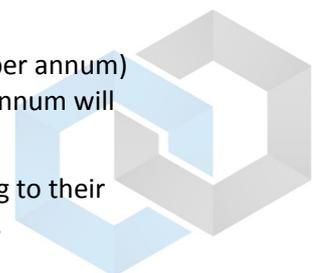
The Compliance Framework has been designed to conform to AS 3806-2006 Compliance Programs. The Energy Matrix Compliance Policy is to be read together with the Agora Retail:

- Compliance Procedure;
- Compliance Obligations Register; and
- Breach Register.

In addition, Agora Retail intends to undertake assurance audits of its compliance with its Safety Case on an annual basis, in accordance with its Risk and Assurance Policy.

Agora Retail intends is to sell gas to Tariff D Commercial and Industrial gas users (above 10 TJ per annum) and therefore the regulations and laws pertaining to customers consuming less than 1 TJ per annum will not be applicable to Agora Retail.

Our employees are fully trained on all relevant laws pertaining to the responsibilities pertaining to their duties and to laws relating to ethical business conduct before they are assigned specific duties.



4.1.2.5 Financial management

Energy Matrix is committed to effective financial management in all of its operations and transactions. Energy Matrix maintains policies, procedures and systems to ensure appropriate financial management.

The financial management document suite has been designed to comply with general financial administration, accounting, control, management, audit and reporting requirements, as specified in legislation and by various auditing agencies, and includes a:

- Financial Management Policy;
- Financial Management Procedure; and
- Financial Delegations Register.

Energy Matrix Group will minimise the risks of fraud, corruption and loss through mitigation of the risk exposures that result from delegated financial authority with appropriate controls and adherence to legislative requirements. It will ensure the efficient and prompt approval of financial transactions through the empowerment of designated officials to use the authority conferred upon them.

4.1.2.6 Information technology

Energy Matrix's uses Information Technology (IT) assets and systems to perform the majority of its business activities. It is therefore critical that the provision of IT assets and services be conducted in a manner that allows Energy Matrix to meet its objectives and to comply with its statutory, regulatory and contractual requirements.

To facilitate the appropriate acquisition, use, maintenance and replacement of its IT assets, Energy Matrix has a suite of governance documents including:

- an IT Policy;
- an IT Procedure;
- a Document Management and Retention Procedure;
- a Website Management Procedure; and
- an IT Disaster Recovery Plan.

Energy Matrix is committed to the physical and electronic security of all its IT assets and confidential information, and will ensure access in accordance with business needs and roles and in line with its obligations of confidentiality and its Privacy Policy. Energy Matrix is also committed to ensuring the appropriate retention and disposal of all physical and electronic records, in accordance with all legal requirements and good business practice.

4.1.2.7 Health, safety and environment

Energy Matrix is committed to protecting the environment and the health, safety and well-being of all of its personnel and the general public, and believes that personnel have the right to return home from work free from injury and harm.

Personnel must as a minimum comply with all health and safety legislation, regulations, Energy Matrix's Workplace Health, Safety and Environment (HSE) Policy and its HSE Procedure.

The Workplace HSE suite of documents is a central guide to support Energy Matrix's day-to-day business activities. It sets out the HSE standards to be observed by all Energy Matrix personnel, and requires all personnel to take responsibility for their actions and have regard for the interests, rights, safety and welfare of others when conducting business.

Energy Matrix is committed to continually improve business sustainability by taking the environment into consideration in its decision making.



4.1.2.8 Our customers

Agora Retail is committed to providing tailored gas retail arrangements that meet the needs of its customers. Each Agora Retail customer will be provided with:

- an energy plan tailored to the needs of the individual business
- a dedicated account manager to assist with any enquiries; and
- real people providing reliable, straightforward information.

The rights and obligations of Agora Retail's customers and Agora Retail are summarised in Agora Retail's Customer Charter, with full details in each customer's individually negotiated contract.

Agora Retail is committed to managing customer's information in accordance with its legal obligations, including under the *Privacy Act 1998*, and good business practices. The Energy Matrix Code of Conduct, Privacy Policy and Document Management and Retention Procedure are all pertinent in this respect.

Agora Retail is also committed to providing its customers with up to date information related to their gas supply arrangements and can develop bespoke reports for individual customers on request.

Agora Retail will seek to resolve any complaints promptly and fairly, in accordance with its Complaints and Disputes Resolution Procedure and any applicable dispute resolution arrangements in its customer contracts.

4.1.2.9 Operational activities

Agora Retail intends to operate on a similar basis to other Energy Matrix businesses in providing bespoke gas retail services to a small number of Commercial and Industrial gas users. This approach does not lend itself to the development and implementation of standardised customer and energy management software, process and systems that are necessary to service the mass market.

Instead, Agora Retail will undertake its retail market operations in a manner which builds on the existing capability in its sister businesses, including using software and systems to perform transactions in the DWGM (e.g. forecasts and nominations) and the Retail Market (e.g. receipt of metering information from distributors for billing purposes).

More detail is provided on a confidential basis in:

- relevant sections of Agora Retail's Business Plan (Appendix A)
- Appendix L, which contains additional customer service and operational information; and
- Appendix M, which contains a copy of Agora Retail's current Western Australian gas retail standard terms and conditions, which will be used as a basis for developing standard terms and conditions for its Victorian gas retail contracts.



5 Commercial in confidence information

To fully inform the public and potential customers, Agora Retail confirms that all information provided in sections 1 to 4 of this application can be published. However, there are a number of items that we request remain confidential and submit on a commercial in confidence basis.

All commercial in confidence material is provided as an appendix to this licence application. The following table list the various appendices to this document and identifies whether each appendix can be published or must remain confidential.

Appendix title	Public/Commercial in confidence
Appendix A – Business Plan	Commercial in confidence
Appendix B – Statutory declaration confirming that all information provided is true and correct	Public
Appendix C – Certificate of registration	Public
Appendix D – Agora Retail Company Constitution	Commercial in confidence
Appendix E – Shareholding information	Commercial in confidence
Appendix F – Energy Matrix (hypothetical) consolidated financial reports	Commercial in confidence
Appendix G – 2016/17 Agora Retail Annual Report	Commercial in confidence
Appendix H – Statement of liquidity	Commercial in confidence
Appendix I – Status of significant market contracts	Commercial in confidence
Appendix J – Management Service Agreement between Energy Matrix and Agora Retail	Commercial in confidence
Appendix K – Project Consultancy Services brochure	Commercial in confidence
Appendix L – Customer service and operational information	Commercial in confidence
Appendix M – Agora Retail Western Australian standard customer contract terms and conditions	Commercial in confidence
Appendix N – Intercompany Loan between Energy Matrix and Agora Retail	Commercial in confidence
Appendix O – Agora Gas Case Study	Commercial in confidence
Appendix P – Energy Matrix Risk and Assurance Policy	Public
Appendix Q – Energy Matrix Compliance Policy	Public