

APPLICATION FOR AN ELECTRICITY RETAIL LICENCE

November 2021



OUR MISSION

The Australian Energy Market is going through a period of change unlike any other in its recent history. New technologies, rapidly changing policy frameworks, rising energy costs and ongoing levels of customer frustration all combining to drive the emergence of new energy business models.

Hanwha has an exciting opportunity to take advantage of the disruption that is occurring in the Australian Energy Market and establish itself as a leading player in the new energy environment.

The ability to start with a clean sheet and build a best of breed Genuiner that is fit for purpose in the new distributed energy resources (DER) environment provides Hanwha with strategic advantage over existing players with ageing high-cost generation and legacy billing and customer service systems built for a past era.

For more than 60 years Hanwha has grown steadily and evolved by anticipating changes and embracing challenges. In times when others have sought cost reductions, we looked for opportunities, we did more than stay afloat, we stood out and excelled.

Hanwha Energy Retail Australia Pty Ltd (t/a Nectr) has the opportunity to fundamentally change the competitive landscape and by doing so restore the trust between customer and energy provider that has been eroded over time.

There has never been a more exciting time to be part of the energy industry in Australia, what we do here sets the tone for many other countries around the world who are on similar journeys on the road to a cleaner smarter and more sustainable energy future for each other and for generations to come.

Having helped build and lead some of Australia's most successful energy start-ups, I have never been more optimistic about the future of energy retail in Australia and the opportunities that are emerging that will change the lives of our customers for the better.

With the right strategy and structure together with the right people, leadership and culture I believe we can quickly establish Nectr as the market leader in the new energy environment.



Andrew Butler

Managing Director
Nectr

TABLE OF CONTENTS

Our Mission	2
1. Introduction.....	5
2. General Information	5
2.1 Name of the applicant.....	5
2.2 Trading / business name	5
2.3 ABN and ACN	6
2.4 Relevant business addresses.....	6
2.5 Nominated contact person.....	6
2.6 Incorporation documents.....	6
2.7 Shareholder information	6
2.8 Corporate structure	6
2.9 Organisational structure	6
2.10 Key personnel.....	6
2.11 Contracts and agreements relevant to the application	6
2.12 Type of licence sought	6
2.13 Date from which licence is sought	7
2.14 Nature and scope of operations for which the licence is sought	7
2.15 Details of current or former licences / authorisations held.....	7
2.16 Details of non-standard licence conditions	7
2.17 Statement – fit and proper person(s).....	7
3. The Commission's Objectives.....	7
3.1. General	7
3.2. Long term interests of Victorian consumers.....	7
3.3. Price, quality and reliability of essential services	8
3.4. Efficiency in the industry and incentives for long term investment	8
3.5. Competition within in the industry	9
3.6. Promoting a consistent regulatory approach within the electricity industry	9
3.7. Promoting consistency in regulation between states	9
4. Organisational & Technical Capability	9
4.1 Overview.....	9
4.2 Organisational structure	13
4.3 Qualifications, skills and experience of officers.....	13
4.4 Third party providers.....	15
4.5 Business model and plan	16
4.6 Industry bodies	16
4.7 Distributor and metering arrangements.....	17

4.8	Compliance, risk and other internal controls, policies and procedures	17
5.	Financial Viability	18
6.	Suitability	19
6.1	Fit and Proper Persons	19
6.2	Officers Details	19
6.3	Statutory Declaration	19

1. INTRODUCTION

Hanwha Energy Australia Pty Ltd (Hanwha ERA) trading as Nectr is pleased to submit this application for a Victorian electricity retail licence to the Essential Services Commission (ESC).

Nectr a wholly owned subsidiary of Hanwha Energy Corporation based in South Korea. Hanwha Energy is an indirect affiliate of the South Korean Hanwha Group. Founded in 1952, Hanwha has grown into a Fortune Global 500 company operating across Aerospace & Mechatronics, Chemicals, Construction, Finance, Manufacturing, Service & Leisure as well as Energy. The Hanwha Group is the 7th largest corporation in South Korea, with 474 affiliate companies (85 domestic and 389 globally). In 2019, Hanwha Group revenues exceeded US\$91 billion with total assets of over US\$265 billion.

Hanwha Q Cells is the world's leading producer of solar cells and modules. In 2019, it was globally number 1 in production capacity of cells and modules of 10 GW/year.

Hanwha Energy was established in 2007 and with its AA- credit rating¹ has grown a global asset base valued in 2019 at US\$3.7 billion with global sales valued at US\$630 million. Operating in more than 10 key locations around the world including Korea, America, Japan and Australia.

In 2019, Hanwha Energy established retail energy operations in:

- Australia (NEM)
- United States of America (Texas)
- Europe (Spain)

Hanwha's retail capability complements Hanwha's existing energy operations and experience:

- Hanwha Energy Australia Pty Ltd – developing utility scale grid connected Solar IPP projects.
- Hanwha Q Cells – world's leading producer of solar cells and modules and provider of Q Home, which provides energy storage solutions and smart technology.

Nectr was established in December 2018 and rapidly attracted a very experienced retail energy team to lead its market entry into the Australian retail energy market. We launched into the NSW electricity market in October 2019 with a friends and family trial. Nectr launched publicly into NSW in February 2020 and then expanded into south-east Queensland in July 2020 followed by South Australia in March 2021. We are excited to expand our operations into Victoria in 2022.

2. GENERAL INFORMATION

This section provides general information about Nectr along with contact information, organisational information and other details requested by the Essential Services Commission.

2.1 Name of the applicant

Hanwha Energy Retail Australia Pty Ltd

2.2 Trading / business name

Nectr

¹ NICE Investors Service assigns the credit rating of AA-/Stable on the senior unsecured bond issued by HEC.

2.3 ABN and ACN

ABN is 82 630 397 214

ACN is 630 397 214

2.4 Relevant business addresses

Registered business address is: Level 25, Northpoint, 100 Miller Street North Sydney NSW 2060 Australia

Postal address is: PO Box 1957 North Sydney NSW 2059

2.5 Nominated contact person

Stewart Rudzinski

Manager, Retail Operations

stewart.rudzinski@nectr.com.au

+61 498 851 908

2.6 Incorporation documents

Hanwha ERA was incorporated in Australia in December 2018. All incorporation documents are provided as Confidential Attachment A8. Nectr is a private limited company. It is not a trust, partnership or special purpose joint venture.

2.7 Shareholder information

Shareholder information is provided in Confidential attachment A8.

2.8 Corporate structure

Nectr is a private limited company in Australia. Nectr's detailed corporate structure information is provided in Confidential attachment A8.

2.9 Organisational structure

Nectr's organisational structure is provided in Confidential attachment A1.

2.10 Key personnel

Nectr's key personnel are introduced in Section 4.3, with more detailed provided in Confidential Attachment A1.

2.11 Contracts and agreements relevant to the application

The contracts and agreements relevant to this application are detailed in Confidential Attachment A2.

2.12 Type of licence sought

Nectr is seeking an un-restricted Victorian Electricity Retail Licence with no non-standard conditions. Nectr has not been prevented from or refused an electricity licence in any jurisdiction. There are no outstanding legal proceedings or compliance issues.

2.13 Date from which licence is sought

Necetr is planning to commencing retailing activities in Victoria in April 2022 or from a date when all relevant industry obligations and licence requirements have been met.

2.14 Nature and scope of operations for which the licence is sought

Necetr intends to start retailing electricity in Victoria to domestic (residential) customers and small business customers who consume less than 40 MWh per annum. We do have plans to expand our operations into servicing medium sized businesses who consume 40-160 MWh per annum as well as large commercial and industrial customers who consume more than 160 MWh per annum.

For the domestic and small business customers, Necetr will be retailing electricity using standard and market retail contracts.

2.15 Details of current or former licences / authorisations held

Necetr currently holds a full electricity retail authorisation from the Australian Energy Regulator (AER), granted on 3 September 2020 (identification number: E19006).

Necetr is also registered as a Market Customer with the Australian Energy Market Operator (AEMO), effective 17 September 2020.

Necetr holds an Australian Financial Services Licence No. 516442.

A copy of each of these licences and authorisations is provided in Confidential Attachment A7.

2.16 Details of non-standard licence conditions

Necetr is not seeking any non-standard licence conditions as part of this application.

2.17 Statement – fit and proper person(s)

Details and the relevant declarations associated with fit and proper person(s) are provided in full in Section 6 of this application.

3. THE COMMISSION'S OBJECTIVES

3.1. General

Necetr has been founded to provide competition in electricity markets in National Energy Customer Framework (NECF) jurisdictions and Victoria, bringing customers choice and differentiation. While we may start our retailing journey on similar terms as other retailers in the market today, Necetr is quickly establishing itself as new class of retailer as outlined in our Strategic Business Plan in Confidential Attachment A3.

We believe that the granting of an electricity retail licence to Necetr would be consistent with the objectives of the Commission set out in Section 8 of the Essential Services Commission Act 2001 (Vic) (Amended January 2016) for the following reasons.

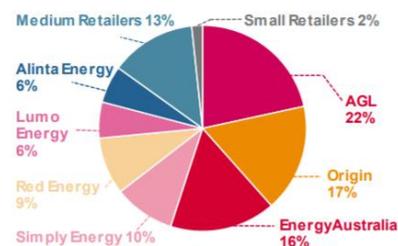
3.2. Long term interests of Victorian consumers

Necetr will contribute to the Victorian electricity market by providing competition, choice, consumer fairness and improved services.

As the ESC reported in its 2018-19 Annual report, the residential electricity market remains highly concentrated in Victoria with four providers servicing around 65% of Victorian households.² That being said, the report did find that medium sized retailers (those between 30,000 and 150,000 customers) increased their market share as a group to around 13%.³

And customers are looking for better deals, with 27% of Victorian residential and small business customers switching retailers during the year.⁴

Figure 3.1 Market share residential electricity customers, by retailer average across 2018–19



Our business’ focus on transparency and fairness aligns with the purpose of the consumer regulation that has developed over time in both Victoria and those states that have adopted NECF.

The Nectr proposition is already benefiting customers in NSW, South East Queensland & South Australia through:

- Value for money: We offer simple to understand plans with competitive energy rates, currently fixed for 12 months.
- Transparency: We provide customers with total transparency over costs. We firmly believe that Victorian customers would also appreciate this level of transparency. Transparency is clearly an issue when it comes to consumers understanding the choices that they have and in taking advantage of retail competition.
- Discounts: We do not use misleading discounts that can confuse customers.
- Sustainability: We only offer sustainable electricity plans, providing customers a choice of either a 100% carbon offset electricity plan or a 100% GreenPower accredited electricity plan.

We consider that Victorian customers deserve the same choice that customers in NSW, South East Queensland & South Australia are benefitting from.

3.3. Price, quality and reliability of essential services

Nectr will improve competition within the Victorian electricity market. Rather than do this simply by creating more customer churn with promises of huge artificial discounts, we plan to provide choices that are not currently available to Victorian consumers. Our business has been established to run on a lean basis with the benefits of lower internal costs flowing to Victorian consumers.

Reliability and quality in terms of retail and the customer experience will improve for Victorian consumers under Nectr. Retailers, being the customer facing entity of the retail market, have a responsibility to ensure quality consumer outcomes. These outcomes will be achieved by the Nectr model in that consumers will not be confused as to the nature of the product they are purchasing and will enjoy the choice of a truly unique retail offer.

3.4. Efficiency in the industry and incentives for long term investment

Nectr is building efficiency into its operation from the outset. In doing so it is well placed to offer customers the benefits of this efficiency on an ongoing basis. Investment in Nectr has been secured and is described further in Confidential Attachments A3 and A8.

² Essential Services Commission 2019, Victorian Energy Market Report, 2018-19, 29 November, p.25

³ Ibid.

⁴ Ibid.

3.5. Competition within in the industry

Nectr will support Victorian electricity consumers with products to suit their needs. It will add much needed differentiation to the current market landscape, as outlined above. The current market, although made up of a large number of participants, is still dominated by a small number of retailers. We believe this lack of competition is a result of a lack of differentiation amongst the existing retail offers. We can provide differentiation and real customer choice.

3.6. Promoting a consistent regulatory approach within the electricity industry

Nectr's executive management team bring together extensive experience of energy regulation and compliance in Victoria.

The objective of a consistent regulatory approach is achieved by the application of the same regulatory standards and Nectr has significant experience operating in NECF. Nectr has mapped out the Victorian specific regulatory obligations and the areas of divergence and has controls in place for all regulatory obligations.

3.7. Promoting consistency in regulation between states

Nectr will operate in multiple jurisdictions. The company has therefore been designed to offer a consistent proposition and experience across all jurisdictions. Nectr will, however, tailor its approach to account for the local regulatory requirements of each State.

4. ORGANISATIONAL & TECHNICAL CAPABILITY

4.1 Overview

For Nectr to operate a successful energy retail business, it must have capability in each part of the value chain. To be a market leader it needs to have a competitive advantage in some, if not all areas of the value chain.

We are deliberate and methodical in our approach to the retail energy value chain.

Key elements of the business model we have built to support our entry into the Australian Market are outlined below and underpin our approach to delivery of the organisational and technical capability needed to operate an energy retail business.

Figure 1: Nectr, business model and capability framework



The business plan provided in Confidential Attachment A3 provides more detailed information on our capability within each of the areas outlined in Figure 1 above. We provide a summary below.

Talent, Leadership & Culture

Nectr has attracted a leadership team with a broad range of skills, experience and capability across Wholesale Energy, Product Development, Retail Pricing, Sales & Marketing, Customer Operations, Systems & Technology, Regulatory & Compliance. In addition to this, Nectr engages external advisors to assist with the ongoing development and operation of this business. A list of these advisors can be found in Confidential Attachment A2.

Strategy, Value Proposition & Branding

Nectr is focused on finding the best options, solutions and partners and then bringing them together in a way that delivers value and makes sense for our customers. Partnering with Hanwha Energy Australia, we will become a vertically integrated gentailer optimising utility scale and behind the meter generation to supply our customers. Our strong financial backer brings their extensive international experience, which, alongside the strategic partnerships complementing our inhouse expertise, place us at the forefront of testing and trialling new and innovative products and services. Underpinning all this is our staged approach to growth, which means we can deliver superior customer service that customers trust. This remains a top priority – this is what grants us the licence to bring sustainable and clever energy solutions to our customers.

Finance, Funding, Key Metrics & Reporting

Nectr has built a comprehensive financial model that provides the business and the leadership team with the forecasting, analysis and reporting tools needed to support financial planning and operations.

The model outputs have been provided in the business plan and financial sections of this application.

Nectr is a subsidiary company of Hanwha Energy Corporation and indirectly affiliated with the Hanwha Group, which is a Fortune Global 500 company with revenues exceeding US\$60 billion in 2019 and total shareholder equity of over US\$37 billion.

Nectr has sufficient seed funding and ongoing access to working capital through its parent companies to meet its financial obligations including the required market prudential requirements to participate in the NEM.

A full set of financial statements and financial position, including a summary statement has been provided in Confidential Attachment A8 of this application.

Systems, Process & Technology

Choosing the right system architecture that allows Nectr flexibility into the future will be a key factor in how quickly the business can scale and to what size it can scale. Organic growth, growth through acquisition or joint venture all present unique challenges.

Nectr has designed and developed a system topology and technology platform that is purpose built to meet the requirements of its business model and business plan. We have achieved this through a mix of in-house and 3rd party systems and developers to ensure we have a system that is market compliant, secure and delivers best of breed customer and user experience.

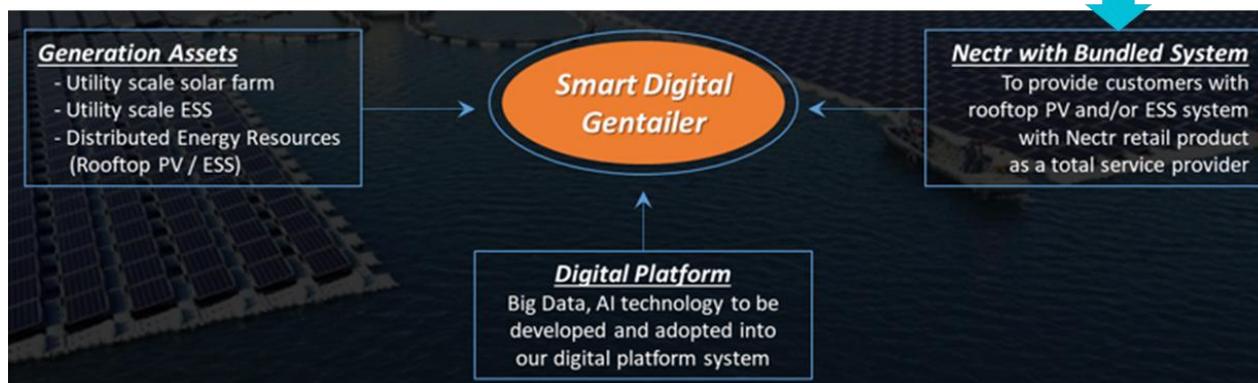
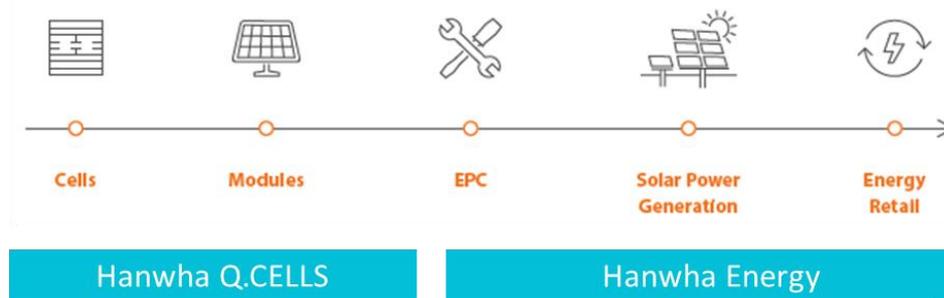
From the outset, Nectr has sought to use technology to empower energy customers. In order to address the challenges of our time, we currently offer personalised quotes, consumer control to enter their own personal data during onboarding across all sales channels, contactless sign-up direct sales channels, and state-of-the-art verification security and system controls.

Nectr has also partnered with UK energy company, Octopus Energy to bring technology and operational best practice together to revolutionise energy in Australia. Using Octopus's 'Kraken' platform means Nectr has access to a comprehensive operational energy retail technology platform using an operating model that delivers a superior customer experience.

Detailed system information is provided in Confidential Attachments A1 and A3.

Wholesale Supply

Hanwha Group, Hanwha Q Cells, Hanwha Energy and Nectr all have considerable expertise in wholesale supply chain management.



The Wholesale Trading & Energy Risk Management capability within Nectr bring together wholesale supply inputs across:

- Utility-scale renewable energy generation and energy storage systems through Hanwha Energy and third-party contracts
- Distributed energy – rooftop solar and battery storage solutions through Q Cells and other vendor contracts
- Wholesale energy market – established trading lines with the ASX, utilities, generators and financial institutions to access financial and other energy risk products to manage electricity market risks

Product & Retail Pricing

Having initially launched retail electricity products into the NSW, South-East Queensland & South Australian residential markets, Nectr has also launched products that bundle retail electricity with rooftop solar and home battery storage. Our customers can engage with sustainable and clean energy solutions delivered on a truly digital technology platform that provides cost advantage and superior customer service. We achieve this through a mix of technologies that are owned, outsourced and through partnerships to ensure the right balance between in-house and external expertise to exceed the expectations of our customers and our broader stakeholders.

A more detailed overview of the product strategy is provided in the business plan (Confidential Attachment A3).

Sales Channels

Nectr is currently operating across a wide range of sales channels to meet its growth targets. Our management team has extensive experience in the management of sales & marketing channels. We have also demonstrated our ability to set up new sales channels based on market dynamics, product suite and environmental circumstances. For example, in response to COVID-19, Nectr redesigned its sales and marketing strategy and set up four new sales channels to accommodate the unexpected circumstances. In executing this and its broader sales and marketing strategies, the management team brings together previous experience and

learnings to ensure best practice Risk Management, Compliance, Process, Policies, Training, Assessment and other Controls are in place all times.

Customer Operations

Nectr's Customer Care team is Australian based, predominately located in Sydney. We use a mix of in-house and external customer operations capabilities to deliver a low cost, scalable customer operations team that is enabled by our technology platform, business process and procedures to deliver industry leading customer engagement metrics. The Kraken platform provides a comprehensive energy retail technology platform that includes customer relationship management, billing, metering and data management, credit and collections, settlements, and industry operations and integration. It also offers a propriety operating model, which helps Nectr deliver superior customer service, using a model where multi-skilled energy specialists can offer customers best in class service across a multitude of subjects without needing to transfer queries to "another department" and leading to faster resolution of customer issues.

Legal, Regulatory, Risk & Compliance

Please refer to Confidential Attachments A1, A4 and A5 for a detailed overview of the Nectr Legal, Regulatory, Risk Management and Compliance Frameworks.

4.2 Organisational structure

Please refer to Confidential Attachment A1 for Nectr's organisational structure.

4.3 Qualifications, skills and experience of officers

The Nectr executive leadership team brings together over 80 years of Australian energy market experience that spans a period over four decades. Additionally, the Hanwha leadership team together with its employees, vendors and broader financial and industrial strength of the Hanwha Group provides a solid foundation on which to build our business.

Nectr has a detailed organisational structure that is matched to its operating and growth targets to ensure the appropriate level of skills, capability and resources are available and match to the needs of the organisation, its customers and broader industry stakeholders. Nectr has an extremely well credentialed board of directors and executive team including those detailed below.

See Confidential Attachment A1 for more detail on our relevant experience.

Executive Leadership Team

Mr. Tae Hong Kim – Director & Head of Australia – Hanwha Energy

Tae Hong has over 20 years' experience in strategy consulting, M&A, investment and new business development. Since he joined Hanwha Group in 2006, he worked in overseas investment and new business development at the Hanwha head quarters in Seoul, Korea. In 2012 when Hanwha acquired Q CELLS, a German based global photovoltaic cell & module manufacturer as well as solar power plant development and EPC player, he moved to Germany. Since then, he started his career in energy sector focusing on renewable energy. Four years in Germany and another two years in the USA, he worked the full spectrum of the solar industry ranging from module sales to project development and EPC of utility scale power plants. In 2018, as an important strategic stretch to energy end customer, Hanwha decided to expand its energy value chain to retail business. Tae Hong took the responsibility of incubation of the retail business in Australia together with development of an IPP business in the same market.

Mr. Andrew Butler – Managing Director, Nectr

Andrew has over 30 years retail experience across energy, infrastructure and telecommunications he is a business start-up expert who has also held senior leadership roles for some of Australia's leading energy and infrastructure businesses. Andrew was co-founder of Australian Power & Gas and General Manager Sales, Marketing & Public Relations from September 2006 to January 2011, during which time the company grew from scratch to over 270,000 customer accounts and revenues exceeding \$230 million. Andrew was then recruited by Alinta Energy as General Manager, Retail for the East Coast Retail business from April 2011 to November 2014, during which time the East Coast retail business grew to over 150,000 customers within 3 years of launch.

Retail businesses under Andrew's leadership have enjoyed an excellent track record of compliance during his tenure at these companies. He has a comprehensive understanding of all aspects of the retail energy value chain having worked as a linesmen and technical officer with the State Electricity Commission of Victoria prior to de-regulation. Just after the Victorian Energy Market was de-regulated Andrew held senior account management and product management roles with Solaris Power before being appointed as Residential & Small Business Marketing Manager for Citi Power.

Andrew has also held senior roles with some of Australia's largest toll road infrastructure projects as Marketing Manager at Transurban Citylink and Marketing & Public Relations Manager for the Lane Cove Tunnel project where he gained valuable experience in both high-volume transactional operations and crisis management.

More recently Andrew was the CEO for a telecommunications retail service provider selling mobile and home broadband (NBN) services. This business was sold to private investors in 2018.

Andrew has a unique perspective on risk management and compliance across Energy, Telecommunications and Infrastructure as has operated professionally under both the Energy Industry and Telecommunications Industry Ombudsman Schemes.

Andrew has Post Graduate Qualifications in Marketing from Macquarie Graduate School of Management (MGSM) and a Certificate of Technology (Electrical) from NMIT.

Mr John McDonald – Chief Commercial Officer, Nectr

John is responsible for managing Nectr's renewable energy generation and energy trading operations, including energy risk management, development and commercialisation of retail and distributed energy products and plans.

John is a senior energy industry executive and company director with extensive experience across the renewables, electricity and gas markets covering the distribution, generation, retail and wholesale energy market sectors over 30 years. He has held executive or senior management roles with Infigen Energy Limited, Alinta Limited and EnergyOne. Prior to this John held a variety of commercial and technical roles with EnergyAustralia (formerly Sydney Electricity).

John holds a Master of Business Administration from the University of Technology, is a Member of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Energy.

Mr Hayden Barry – Chief Operating Officer

Hayden is accountable for Retail Operations, Compliance, Regulatory, Customer Servicing, Quality Assurance & Training.

Hayden joined Nectr in August 2021, bringing two decades of customer operations experience, growing, and transforming service organisations. He's been responsible for significant improvements to customer experience via optimisation in technology, processes, efficiencies and effective leadership and team management. He focuses on streamlining and automating complex functions and applies best practice to deliver efficient, compliant business operations.

Mr. Neil Groll – Chief Technology Officer, Nectr

Neil is responsible for all Systems and Technology across Nectr's Retail and Wholesale businesses. This includes Nectr's technology strategy, architecture, software development, infrastructure, database and application environments.

Neil joined Nectr as CTO in July 2021. Neil has over 20 years' experience across the telecommunications IT and energy verticals, and across a variety of IT disciplines. In his career, Neil has driven numerous technology transformation projects, many of which have involved customer management, provisioning and billing systems. Neil has held senior roles in early stage and rapid-growth companies, most notably Virgin Mobile in Australia and South Africa, and ACN Pacific. He has also led many successful IT teams through projects ranging from software development, business transformation, and business process re-engineering.

Ms. Karren Challoner-Miles – Chief Marketing Officer, Nectr

As Chief Marketing Officer, Karren is responsible for brand, marketing, public relations and sales.

Karren is a highly experienced, professional Marketing & Communications Director. Joining Nectr from ACN Pacific, Karren focused on driving strategic, impactful and clever marketing, communication and sales enablement programs for their key audience groups (Sales channel, B2B and B2C). Working mainly across telecommunications and energy services with key clients such as Click Energy and Vodaphone, Karren has had major influence in the growth of these partners customer numbers. She has been instrumental in digitalising a significant part of the customer experience and sales process, and automating a large proportion of the marketing content. While managing a team of six including 2 Designers (including a UX designer), Product markets manager, Marketing & Communications Manager and events coordinator, Karren has overhauled online customer journeys.

Karren holds a Master of Business (Marketing) from University of Technology, Sydney.

Nectr key senior leaders

Supporting the executive leadership team are the following senior leaders.

Mr. Paul Maguire – Financial Controller

Paul is responsible for the financial management and control of the company, including forecasting and modelling, reporting on the financial performance, and ensuring adherence to international accounting standards and practices.

Paul is a trusted financial adviser and consultant to executive decision makers with proven expertise in commercial analysis, sales finance, forecasting/modelling, deal structuring, databases and management.

He is a qualified Chartered Accountant with 12 years' experience across a range of industries and continents. His previous roles include Financial Controller at Hipages, Head of Finance in the APAC region for Marketo, and various accounting, analytical and management roles with PWC, QBE Insurance, Mojo Power, Nomos One and St Vincent's Hospital. Paul is experienced in working for start-ups and the work required to prepare a finance team for sustainable success. Paul holds a Postgraduate Diploma in Accounting & Finance from Technological University Dublin and a Bachelor of Commerce (International) & Spanish from University College Dublin.

Mr. Stewart Rudzinski – Manager, Retail Operations

Stewart is responsible for retail operations and regulatory compliance, including compliance and performance reporting, development and maintenance of compliance controls.

Stewart joined Nectr in August 2021, bringing with him over 5 years of energy retail & technology experience. Before joining Nectr, Stewart worked with small energy retail start-up, ReAmped Energy, developing and implementing a core and diverse range of business readiness and operational capabilities to support the business's rapid and compliant growth in the NEM. His accomplishments included developing and evolving

ReAmped's back-end platform and overall team structure to meet changing business needs as well as being instrumental in shaping the overall business compliance culture.

Stewart's experience also includes energy retailer market expansions, having spearheaded ReAmped's expansion projects into South Australia, Victoria and the ACT as well as its diversification into new customer segments.

4.4 Third party providers

Nectr complements its internal skills and capabilities with number of closely related entities, either wholly or in part, for the provision of customer systems, billing systems and legal advice. Specialist analysts and advisors are brought on from time to time.

Confidential Attachment A2 includes detailed information regarding these related entities including:

- Credentials and experience in the specific area required
- Evidence of the vendors ability to comply with relevant codes, laws, regulations and rules

4.5 Business model and plan

Nectr has provided a comprehensive business plan and supporting financial model in Confidential Attachment A3.

4.6 Industry bodies

AEMO registration / participation

As set out in Section 2.15, Nectr is a registered electricity Market Customer with AEMO.

AFSL and ASX registration

As set out in Section 2.15, Nectr holds an AFSL.

As an operational retailer, Nectr holds an Austraclear participant ID to settle wholesale electricity transactions. See Confidential Attachment A7 for more information.

Energy and Water Ombudsman of Victoria (EWOV)

Nectr has initiated discussions with EWOV and will apply to become a member of the ombudsman customer dispute resolution scheme. See Confidential Attachment A6 for more information.

Community Services Agreements

Nectr is fully registered with Centrelink to support the payment of concession rebates to customers and has initiated discussions with the Victorian Department of Families, Fairness and Housing. See Confidential Attachment A6 for more information.

Clean Energy and Renewable Schemes

To enable Nectr to surrender small-scale technology certificates, Nectr is registered with the Clean Energy Regulator. See Confidential Attachment A7 for more information.

GreenPower

Necetr is an accredited GreenPower Provider. See Confidential Attachment A6 for more information.

Climate Active certification

All of Necetr's market retail contracts, with the exception of the Greenpower offering, are certified by Climate Active as 100% carbon neutral.

4.7 Distributor and metering arrangements

Necetr has initiated discussions with the five Victorian electricity distribution network businesses. These distributors are also currently responsible for metering services in Victoria. See Confidential Attachment A7 for more information.

4.8 Compliance, risk and other internal controls, policies and procedures

Compliance Program

Necetr views risk management and compliance as a critical business requirement and understands the compliance requirements for the provision of retail services Victoria. We also believe successful retail businesses need compliance embedded in the organisational culture, with both compliance and risk management front of mind at all levels of business decision making.

This approach to compliance has been front of mind in establishing the robust Necetr Risk and Compliance Policy and Framework, which covers the principles of commitment, implementation, monitoring, measuring and continual improvement.

Having operated in the National Energy Consumer Framework (NECF) as an electricity retailer and with plans to expand into electricity retailing operations into Victoria, Necetr has established systems to ensure compliance, to identify and report on any potential regulatory breaches and to ensure continued development of the compliance framework. These systems and processes are transferable to the Victorian market, as has been the case for other national retailers. Where there is any divergence in state regulatory obligations, Necetr considers the merits of complying with the more onerous regulatory standards on a national basis, where practicable.

The Compliance Policy and Framework and supporting documents can be found in Confidential Attachments A1 and A4.

Obligations Register

Necetr understands the importance of compliance with the Energy Laws and the licence terms. The compliance framework outlined above, in conjunction with the other company policies listed in this document, will be used to govern this activity internally.

An obligations register has been produced which is available in Confidential Attachment A4.

Risk Management

Given the nature and volatility of risks associated with operating in the NEM, efficient risk management is crucial for the sustainability and success of an energy retail business. Understanding these risks, and its efficient and prudent management, is a core strength of Necetr. Necetr has established a comprehensive risk management framework that details the strategies for identifying and managing the key risks within defined limits. This framework is outlined in Confidential Attachments A3 and A5.

Customer relationship management and billing system capability

Nectr is currently using the Kraken technology and billing system to service its electricity retail customers in NSW, Queensland and South Australia. The system manages the core billing, market interface, customer relationship management and other customer contact processes. The flexibility in the Kraken system means it is able to capture operational differences between jurisdictions. For more information see Confidential Attachments A1, A2 and A3.

Privacy & Credit Reporting Policy

We understand how vital it is to properly handle all forms of customer information. Our Privacy and Credit Reporting Policy has been written to articulate the way we will do this, and it will be published on our website prior to market entry. The Policy is contained in the Confidential Attachment A4.

Financial Hardship Policy

Nectr has a Hardship Policy available for its NSW, Queensland and South Australian customers. We have prepared a draft Financial Hardship Policy for our Victorian customers with the aim of making clear and consistent the ways in which we will seek to identify and help vulnerable customers. As required under the *Electricity Industry Act 2000 (Vic)*, Nectr will submit its final Financial Hardship Policy to the ESC for its approval within three months of being granted an electricity retail licence. The draft Financial Hardship Policy is provided in Confidential Attachment A4.

Complaints Handling Policy and Procedure

While we aim to satisfy all customers, we are conscious that there will be times that customers are not happy with our service or wish to raise a dispute. Nectr has a documented procedure for taking these situations from complaint or dispute to resolution. The procedure is designed to help resolve complaints quickly and with sensitivity. Our current Complaints Policy and Procedure is contained in Confidential Attachment A4.

Life support policy

See Confidential Attachment A4 for information on the processes Nectr has in place to manage the requirements of its life support customers.

5. FINANCIAL VIABILITY

Nectr has access to sufficient financial resources to commence and sustainably perform its electricity retailing business over the next five years. Confidential Attachment A8 provides a suite of documents setting out Nectr's current financial position and its access to the required financial resources.

There have been:

- No material changes in Nectr's financial position occurring since the end of the last financial year for which accounts are provided; and
- No likely changes in the structure, operation or financing of the company or the licenced activity that could materially affect Nectr's financial viability.

Confidential Attachment A8 also includes:

- a shareholder register of Nectr; and
- Nectr's Certificate of Registration.

Nectr has not yet filed an annual report.

Nectr does not yet have a credit rating. Hanwha Energy Corporation has a credit rating of AA-.⁵

6. SUITABILITY

6.1 Fit and Proper Persons

Nectr is committed to building a business that operates ethically and is the subject of robust governance frameworks and processes. Nectr can confirm the following:

- No directors of Nectr or of any entity that exerts control over Nectr:
 - have been declared bankrupt
 - had their affairs placed under administration
 - been disqualified from managing a company.
- No directors of Nectr, directors of any entity that can exert control over the applicant or any other person with significant managerial responsibility or influence on the applicant has been subject to:
 - Any debt judgments, or
 - Insolvency proceedings (including any administration, liquidation or receivership in connection with the affairs of a company).
- No directors of Nectr, directors of any entity that can exert control over the applicant or any person with significant managerial responsibility or influence on the applicant has been charged with fraud, theft or any other criminal offence.
- Neither Nectr, any directors of Nectr, any related body corporate, or any personal with significant managerial responsibility or influence on the applicant has been involved with any material breaches of obligations regulated by the Essential Services Commission.
- Neither Nectr, any directors of Nectr, directors of any entity that can exert control over the applicant or any person with significant managerial responsibility or influence on the applicant has been prosecuted for any offences or had any enforcement action taken under any state, territory, Commonwealth or foreign legislation (including but not limited to, the Competition and Consumer Act 2010 (Cth), Corporations Act 2001 (Cth), or the Australian Securities and Investments Commission Act 2001 (Cth)).

Neither Nectr, any related body corporate or any person with significant managerial responsibility or influence on the applicant has been refused a licence or authorisation, or had restricted, suspended or revoked any such licence.

6.2 Officers Details

Details of Nectr officers are provided in Confidential Attachment A9.

6.3 Statutory Declaration

A statutory declaration from a Nectr director is provided in Confidential Attachment A9 confirming the accuracy and completeness of all information provided in this application.

⁵ NICE Investors Service assigns the credit rating of AA-/Stable on the senior unsecured bond issued by HEC.

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