

Energy retail licence application form

Purpose of this form

This form must be completed by a person applying to the Essential Services Commission (the commission) for a licence to sell electricity and/or gas by retail in Victoria.

Basis for this form

Section 18 of the *Electricity Industry Act 2000* and section 25 of the *Gas Industry Act 2001* (collectively, the Industry Acts) provides that a licence application must be made in a form approved by the commission. This is the form approved by the commission.

Use of this form and the applicant's responsibilities

A licence application may be made by any legal person including, without limitation, individuals, incorporated associations, unit and other forms of trusts and corporations. Entities that are not a legal person (for example, an unincorporated joint venture or a partnership) cannot apply for a licence.

For the purpose of this application form, reference to the term "officer" includes the directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the applicant's business (for example, Chief Executive Officer, Chief Financial Officer or General Manager).

The applicant should list the information required in the spaces provided in this form and enclose additional information and documents when required.

The applicant must take all reasonable steps to ensure the information provided in the application form is complete, true and correct.

A director of the applicant (where an applicant is a body corporate) is required to make a declaration to this effect in the application form. Failure to disclose information or misrepresent any matter relevant to such information may result in a licence not being issued or in the revocation of a licence later.

It is a criminal offence under section 61A of the *Essential Services Commission Act 2001* to provide the commission with false or misleading information or documentation.

The applicant is responsible for providing the commission with current, accurate and relevant documentation. It is the applicant's responsibility to make all reasonable inquiries to obtain the information required by this form.

Providing accurate and relevant information and a complete application (answering all questions and providing all information) will assist in timely processing of an application. All applications are

assessed on a case-by-case basis. If insufficient information is provided with an application, we will contact the applicant about the requirement for additional information to be submitted before the application is considered further.

Prior reading

It is expected that the applicant has read our [Guideline: Applications for electricity and gas industry licences](#) before completing this form.

It is the applicant's responsibility to ensure its compliance with legal obligations when applying for a licence.

Licence conditions

The Industry Acts authorise the commission to issue licences subject to conditions as decided by the commission. Licences are published on our [website](#). We recommend the applicant familiarise itself with the relevant standard conditions and be confident that they can comply with those conditions and any other regulatory requirements such as Codes of Practice prior to applying for a licence.

Further information

The applicant should note that we may ask for further information, or to clarify the information that the applicant has already provided with the application.

Consultation and confidentiality

We will consult with relevant government, industry and consumer groups on the licence application through a public consultation process. Applications and/or supporting information that is not confidential will be made available on our website.

If the applicant believes that any information provided as part of its application is confidential or commercially sensitive, it is the applicant's responsibility to clearly identify this information on those documents. The applicant should also provide a 'non-confidential' version of the application form and documents for publication on our website and Engage Victoria (where relevant).

How to lodge an application

The applicant may send the completed application form electronically (preferred) or in hard copy to:

Electronically: licences@esc.vic.gov.au

Hard copy: Market Operations, Energy Division
Essential Services Commission
Level 8, 570 Bourke Street
Melbourne VIC 3000

Individual attachments that are clearly titled (consistently with the attachment references specified in the application form) must be provided. Do not bundle attachments into single, large files.

Large files

Applicants generally need to send us large files which is often not suitable via email. Please contact us at licences@esc.vic.gov.au to discuss alternative options to provide an application to the commission.

Application fees and annual licence fees

Application fee

The commission has set a **\$5000** application fee for all energy retail licence applications¹.

Once the payment has been received, the commission will notify the applicant in writing. The assessment process for energy retail licence applications will commence *after* payment has been received.

Electronic payment of the Retail Application Licence Fee is to be made to:

Account name:	Department of Treasury and Finance
BSB:	033-222
Account number:	110 505
Reference:	RALF and the applicant's legal name (E.g. RALF Energy Pty Ltd)

Annual licence fees

Holding an energy retail licence also incurs annual licence fees.

Refer to the commission's [Guideline: Applications for electricity and gas industry licences](#) for more information regarding annual licence fees.

¹ If the energy retail applicant is dual fuel, a total Retail Application Licence Fee of \$10,000 applies.
Essential Services Commission **Energy retail licence application form – C/24/3925 –**
March 2024

1. General Information – The Applicant

The applicant must answer all questions in this section.

1.1 Legal name of applicant

State the full legal name of the applicant. The applicant is the person who will be selling (retail) electricity and/or gas that will be the subject of the licence.

Name: **Active Utilities Retail Pty Ltd**

1.2 Legal identity of applicant

Provide the applicant's ABN and ACN (where relevant) and information about the applicant (for example, whether the applicant is a private limited company, trust, or joint venture).

ABN: **31 606 139 931**

ACN: **606 139 931**

Type of entity: **Australian Proprietary Company**

1.3 Contact details and address of the applicant

The applicant	
Business address: Suite 6, Level 2, 3 Bristol Street, Essendon Fields VIC 3041	
State: Victoria	Postcode: 3041
Postal address (if different): PO BOX 4094, Essendon Fields	
State: Victoria	Postcode: 3041
Full name of contact person: Connor James	
Position title: Consultant	
Telephone: (02) 8001 6664	Mobile: [Redacted]
Email: connor@compliancequarter.com.au	

1.4 Diagram of corporate and organisational structure

Provide a diagram of the:

- Corporate structure (including any parent and related companies within the meaning of the *Corporations Act 2001* (Cth)), and

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- b) organisational chart (including composition of the board, management, and other key personnel responsible for the key functions).

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1.5 The licence

If the applicant is seeking for a licence to be issued by a certain date, identify this date. **Note: we do not undertake to issue the licence by this date.** The applicant should generally allow a minimum of eight to 10 weeks **once we consider the application to be complete.** An application is considered complete once we have all the information needed for the commission to make a decision. In other words, when we have no need to request further information from the applicant. This includes a public consultation period of four weeks (generally) as part of our consideration of licence applications.

Provide details on the following:

Date from which licence is sought: 31 March 2025

Nature and scope of operations:

State whether the applicant intends to retail to customers whose aggregate consumption, per annum, at a supply point is or is likely to be:

- ☒ less than 40MWh of electricity or 1,000GJ of gas (small residential and/or business customers)
- ☒ 40MWh to 160MWh of electricity or 1,000 to 5,000GJ of gas (medium customers)
- ☒ more than 160MWh of electricity or 5,000GJ of gas (large customers).

The scope and proposed size of the operation is further set out in the attached business plan (**Annexure C1: Business Plan**) and financial models (**Annexures C3 – C7: Baseline and 4 x scenarios**).

1.6 Involvement of third parties with application

Did any third parties, such as consultants, assist the applicant with preparing this licence application? If so, state the name of the third party and describe their involvement with preparing the application.

This application was prepared by Active Utilities Retail Pty Ltd with the assistance of Compliance Quarter (CQ). The assistance included:

- comprehensively examining technical and financial capacity to comply with the various regulatory obligations.
- identifying strengths and weaknesses of application and referring to specialist organisations where necessary.
- development and review or drafting of required policies or procedures.
- providing high level overview of business plan; and
- liaising with the ESC and submitting the application on behalf of the applicant.

CQ is a company that specialises in providing regulatory and compliance services in the energy retail industry. CQ helps businesses navigate complex regulatory environments, ensuring that they meet all regulatory obligations and maintain high standards of corporate governance. Please see the attached Annexure for a copy of the Agreement that outlines the assistance provided by CQ in the preparation of this application.

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1.7 Payment of fees

Tick this box to confirm you have made the required application fee payment of \$5,000: ☒

2. Technical capacity

The applicant must answer all questions in this section.

2.1 Experience and knowledge of the industry

About Active Utilities Pty Ltd

Related company Active Utilities Pty Ltd (**Active**) is one of Australia's leading innovators and utilities providers which has been operating local utility networks (or embedded networks) for multilevel developments, commercial and retail complexes, retirement villages, and residential and greenfield estates, with over [Redacted] meter points under its management. Active is fully integrated, supplying multi-tenant homes and businesses with energy, heating/cooling, water and sustainability solutions 24 hours a day, 365 days a year.

Active has successfully operated a business as an embedded network operator, managing private utility networks, for over 17 years in alignment with all applicable regulatory requirements and internal policies and procedures. Active is an active participant in regulatory reform to help shape the direction of the industry.

About Active Utilities Retail Pty Ltd

Active Utilities Retail Pty Ltd (**Active Retail**) is the (related) applicant entity for this retail licence with the Essential Services Commission (**ESC**). Active Retail is an authorised retailer of electricity with the AER. With the change in market conditions, the business recognises that some of its Victorian customers are looking for a partner that works with the industry, and a key factor is the ability to offer services via an accredited retail license rather than the traditional method of delivery in a local utility network via an approved retail exemption. Active Retail aims to sell electricity services utilising the existing skillset and support agreements of related company Active Utilities.

Experience and knowledge of industry

Active Retail leverages the extensive resources and expertise of related company Active, and benefits from Active's established infrastructure, industry connections, and years of accumulated knowledge. Active Retail will utilise and incorporate Active's sophisticated customer management systems, proven marketing strategies, and robust compliance frameworks, all of which have been refined through years of industry experience.

Active Retail has ensured key staff members bring a wealth of experience and expertise to their respective roles, ensuring strong leadership and efficient functional operations. Each department is helmed by professionals with extensive backgrounds in their specific areas, many with over a decade or two of industry experience. Please see **Annexure A5** (CVs – Key Employees) for detailed information on staff employment history and experience.

Provide comprehensive details and documentation of the systems, processes and approaches that the applicant will use to:

- a) market to customers
- b) bill customers
- c) manage connection and disconnection processes
- d) manage customer complaints
- e) manage dispute resolution
- f) comply with regulatory reporting requirements.

a) market to customers

Active Retail operates under a business model focused on managing embedded networks rather than directly marketing to individual residential customers. As such, it does not actively engage in traditional customer advertising campaigns. Instead, it acquires existing sites and converts them into embedded networks or works with developers building new sites as an Embedded Network.

The marketing activities primarily involve communication with property developers, body corporates, and site owners to facilitate the onboarding of sites into embedded networks. These efforts are supported by a Customer Relationship Management (CRM) system that enables effective communication and stakeholder engagement.

Further details regarding the approach to marketing and business development can be found in **Annexure C1** (Business Plan).

b) bill customers

Active Retail will utilise existing billing systems and procedures used within the group. Active has managed its billing functions for the past seven years with its billing engine, Orion. Orion is a powerful, all-in-one solution designed to optimise and automate energy billing, customer management, and market interactions. Its intuitive CRM streamlines customer lifecycle processes, lowering costs compared to other energy billing systems. With the ability to manage millions of customers, multiple energy brands, and diverse utility services from a single platform, Orion supports B2C and B2B billing for electricity, gas, solar, water, and more. Its flexible architecture allows easy scaling with bolt-on modules and third-party integrations. Trusted by retailers in Australia, New Zealand, the US, and the Middle East, Orion offers a global, future-proof solution.

In addition, Active Retail engaged third party billing provider [Redacted] to support billing activities. The billing system will comply with all applicable regulatory obligations, as specified in the obligations register

Please see the following annexures that contain information relevant to billing customers:

- **Annexure A11:** [Redacted]
- **Annexure A12:** [Redacted]
- **Annexure B17:** Sample invoice
- **Annexure B10:** Obligations Register
- **Annexure C1:** Business Plan

Active Retail has also prepared a suite of documentation to ensure compliance in the billing arena, which includes checklists and policies.

- **Annexure B21:** Contents of Bills checklist
- **Annexure B15:** Victoria Disconnection for Non-payment checklist
- **Annexure B20:** Victoria Complaints and Dispute Resolution Obligations checklist
- **Annexure B5:** Complaints and Dispute Resolution Procedure
- **Annexure B8A:** Victoria Customer Hardship Policy

c) manage connection and disconnection processes

Active Retail has a number of policies and processes to ensure adherence to, and recognition and the importance of the ESC's connection and disconnection rules.

Relevant attachments (provided on a commercial in confidence basis):

- **Annexure B2:** Compliance Policy
- **Annexure B8a:** Customer Hardship Policy - Victoria
- **Annexure B5:** Complaints Policy
- **Annexure B10:** Obligations Register
- **Annexure B12:** Family Violence Policy
- **Annexure B15:** Disconnection for Non-Payment Checklist

d) manage customer complaints

Active Retail is committed to managing customer complaints in a fair and equitable manner and has developed processes and procedures to give effect to this. The guiding principles for the complaints management program are contained in AS/NZS 10002:2022 (Guidelines for Complaint Management in Organisations). These are clear procedures for raising, accepting, and recording complaints, and Active Retail has a stated commitment to:

- treat the customer with respect.
- take the complaint seriously
- respect the customer's privacy
- manage the complaint with impartiality
- properly investigate and report on the complaint.
- resolve complaint with proper consideration to facts.

- provide the option of internal escalation or a referral to an energy ombudsman scheme when requested or appropriate; and
- ensure equal access to the complaints management program and fair resolutions

e) manage dispute resolution

Active Retail is committed to managing dispute resolution in an accessible and transparent way and has developed processes and procedures to give effect to this. Methods for internal and external escalation are clearly outlined, and further detail is provided regarding how customers can access relevant Ombudsman schemes.

Relevant attachments (provided on a commercial in confidence basis):

- **Annexure B5:** Complaints Policy and Dispute Resolution Procedure
- **Annexure A6:** EWOV membership

f) comply with regulatory reporting requirements.

Active Retail is committed to an effective compliance program designed in accordance with the principles set out in the relevant Standard, AS ISO 19600:2015. Monitoring changes to obligations and compliance breaches is a key component of Active Retail's compliance program.

Please refer to **Annexure B3** (Compliance Reporting Procedure) which outlines Active Retail's reporting requirements in Victoria. Active has also been working closely with Compliance Quarter in developing a comprehensive obligation register at **Annexure B10**. Active Retail is committed to undertaking a continual process of monitoring, review and implementation of controls to ensure ongoing compliance.

For each of the above matters, provide details of the relevant systems and processes that the applicant will use. In providing those details include:

g) the proposed business strategy/plan and functions and how they will be resourced²

The Business Plan (**Annexure C1**) contains details on strategy and analysis and how the above will be resourced. The Organisational structure (**Annexure A3**) explains the planned resourcing designated by the number of FTE staff for each of the functional areas.

The Active Retail organisational structure has been carefully developed with the understanding that, in the first year, [Redacted] will be managed. Active has taken a financially conservative, yet strategic approach to resourcing this transition through to large volumes, ensuring no compromise on quality and the added benefits of contingencies when required, by leveraging the expertise and qualifications of experienced members from Active Utilities.

² We expect to see a robust business plan supported by a financial plan (as detailed in section 3(g) of this application form), including organisational and technical capacity.

- h) the experience and qualifications of relevant key employees who will manage those systems and processes

The following key employees will cover the respective areas specified. Their experience and qualifications can be found in **Annexure A5: CVs – Key Employees**.

Function	Name	Role
(a) market to customers	[Redacted]	Financial Pricing & Commercial Lead
(b) bill customers:	[Redacted]	Billing and Metering Manager
(c) manage connection and disconnection processes:	[Redacted]	Billing and Metering Manager
(d) manage customer complaints	[Redacted]	Customer Service Manager
(e) manage dispute resolution	[Redacted]	Customer Service Manager
(f) comply with regulatory reporting requirements:	[Redacted]	Risk & Compliance Officer

- i) if the applicant will engage third parties to assist with the licensed activities, provide the following information in relation to each third party:
- the name of that third party
 - the scope of activities undertaken by the third party
 - details and copies of any agreements for the provision of services
 - details about the experience of the third party in relation to the activities that it will be undertaking, including any accreditations, and
 - details of the processes in place to ensure the third party comply with the licensee's regulatory obligations.

The key external third parties to be engaged by Active Retail are

- Compliance Services - Compliance Quarter
- Metering and data management - [Redacted]
- Billing system - [Redacted]

In addition, Active Retail has engaged [Redacted], however as their functions do not specifically relate to assisting with retail licensed activities, a full comprehensive breakdown has not been included in this section.

Compliance Services

(i)	Name	Compliance Quarter
(ii)	Scope of activities:	Compliance Quarter specialises in energy compliance and works closely with a wide range of energy retailers. They offer a virtual compliance officer service, ensuring that clients stay informed about regulatory changes and effectively implement a robust compliance management program
(iii)	Copies of any agreements for the provision of services	<ul style="list-style-type: none"> • Annexure A7: CQ Agreement
(iv)	details about the experience of the third party in relation to the activities that it will be undertaking, including any accreditations	<ul style="list-style-type: none"> • Annexure A8: CQ Capability Statement • website: https://www.compliancequarter.com.au/about-us/
(v)	details of the processes in place to ensure the third party comply with the licensee's regulatory obligations	<p>Please see the following documents to demonstrate Active Retail's methods of selecting overseeing and managing third parties, to ensure all regulatory obligations are met.</p> <ul style="list-style-type: none"> • Annexure B4: Third Party Management Policy and Procedure • Annexure B13: Third Party Management Oversight Process • Annexure B14 Third Party Supplier or Software Selection Process

Metering and data management

(i)	Name	[Redacted]
(ii)	Scope of activities:	[Redacted] is a leading provider of advanced metering and data management solutions in the energy sector. They offer a comprehensive suite of services that include the deployment of smart meters, data collection, and analytics to help energy retailers and network operators optimise their operations.
(iii)	Copies of any agreements for the provision of services	<ul style="list-style-type: none"> • Annexure A13: [Redacted] • Annexure A15: [Redacted]
(iv)	details about the experience of the third party in relation to the activities that it will be undertaking, including any accreditations	<ul style="list-style-type: none"> • [Redacted]
(v)	details of the processes in place to ensure the third party comply with the licensee's regulatory obligations	<p>Please see the following documents to demonstrate Active Retail's methods of selecting overseeing and managing third parties, to ensure all regulatory obligations are met.</p> <ul style="list-style-type: none"> • Annexure B4: Third Party Management Policy and Procedure • Annexure B13: Third Party Management Oversight Process • Annexure B14 Third Party Supplier or Software Selection Process

Billing System

(i)	Name	[Redacted]
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(ii)	Scope of activities:	<p>[Redacted] is a leading provider of advanced billing and energy management solutions, renowned for its expertise in delivering comprehensive, scalable systems tailored to the energy sector. With a strong focus on innovation, [Redacted] integrates cutting-edge technology to streamline billing processes, enhance data accuracy, and optimise energy management. [Redacted] commitment to excellence is reflected in its robust, user-friendly systems that ensure regulatory compliance, operational efficiency, and superior customer service.</p>
(iii)	Copies of any agreements for the provision of services	<ul style="list-style-type: none"> • Annexure A9: [Redacted] • Annexure A10: [Redacted] • Annexure A12: [Redacted]
(iv)	details about the experience of the third party in relation to the activities that it will be undertaking, including any accreditations	<ul style="list-style-type: none"> • Annexure A11: [Redacted]
(v)	details of the processes in place to ensure the third party comply with the licensee's regulatory obligations	<p>Please see the following documents to demonstrate Active Retail's methods of selecting overseeing and managing third parties, to ensure all regulatory obligations are met.</p> <ul style="list-style-type: none"> • Annexure B4: Third Party Management Policy and Procedure • Annexure B13: Third Party Management Oversight Process • Annexure B14 Third Party Supplier or Software Selection Process

- j) details about how the applicant will balance service delivery with projected customer growth, and practical steps it will take to meet relevant regulatory obligations.

Active Retail has a well-established compliance oversight team, led by an experienced Risk and Compliance Officer, [Redacted]. This internal expertise, combined with our external partnership with Compliance Quarter, ensures that Active Retail continues to stay fully compliant with all relevant regulatory obligations. Additionally, we have developed a Compliance Policy (**Annexure B2**) that outlines our Compliance Management System (CMS). To further support this, we will utilise the obligations register (**Annexure B10**) to guarantee ongoing compliance with applicable regulatory standards and maintain a proactive approach to governance.

To measure performance and growth, Active Retail will utilise sales forecasts along with regular performance reporting to ensure resources are adequate to ensure effective service delivery and to meet relevant regulatory compliance.

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2.2 Risk management

- a) Provide confirmation and evidence that the applicant has identified the risks associated with energy retail operations – this includes identifying the risks that are inherent in the applicant's proposed business and determining the likelihood of occurrence and impact to produce a 'risk map'.

Active Retail has conducted detailed analysis of the risks involved with energy retail operations.

Please find attached to this application a copy of Active Retail's Risk Management Policy (**Annexure B6**) covering both operational and financial risks. It is supported by the Risk Register / Matrix (**Annexure B7**) identifies and maps out various risks, controls, monitoring plan, to produce a 'risk map'.

The Business Plan (**Annexure C1**) also contains further information about the consideration of risks in the energy retail space.

- b) Additionally, provide evidence that the applicant has established, utilised and relied upon risk management systems and processes which are adequate, accurate and current to address those risks.

The risk management systems and processes are adequate, accurate and current to the identified risks as evidenced in Active Retail's Retail Risk Management Policy (**Annexure B6**) and the Retail Risk Register / Matrix (**Annexure B7**).

- c) Provide a copy of the applicant's risk management strategy/framework. A statement should also be provided (or supporting document must make it clear) whether the strategy/framework has been developed in line with any Australian or International Standard (for example, ISO 31000:2018).³

Please see **Annexure B6** (Retail Risk Management Policy) for the Active Retail risk management strategy/framework.

- d) Provide a copy of a risk register that identifies risks, controls and mitigations.

Please see **Annexure B7** (Risk Matrix) for a copy of the Active Retail risk register, which covers risks, controls and mitigations.

- e) Provide a copy of a detailed risk appetite statement articulating how much risk is acceptable to the applicant across key risk areas.

Please see **Annexure C2** (Risk Appetite Statement) for a copy of the risk appetite statement for Active Retail.

³ The risk management strategy/framework must include proactive and reactive strategies for managing risk events, systems, reports and business controls, ensuring transparency of risk positions and management activities. The risk management strategy/framework must also set out the roles of responsible officers, and include documentation on the policies and procedures providing guidance for day-to-day risk management activities. The risk management framework should be proportionate to the size, operating model and complexity of the applicant's proposed retail operations.

2.3 Wholesale price risk management

Applicants must clearly outline their approach to managing wholesale market risks.

Active Retail will mitigate the risk of wholesale price fluctuations through fixed retail contracts and by implementing a comprehensive risk management framework. The risk management framework will be regularly reviewed and updated to reflect changing market conditions.

Active Retail will be purchasing the supply of energy from licenced Tier 1 energy retailers thereby mitigating the risk to wholesale pricing. As it is operating within an Embedded Network, its risk exposure is decreased as the load forecasts are based on established dwellings and it does not have the need to hedge its load outside standard CNI recontract periods.

Active Retail has a well-structured and defined risk management system that is in accordance with ISO 31000. This system is designed to detect, evaluate, and manage any potential risks and opportunities that may arise. It is based on a comprehensive risk management process that includes risk identification, risk assessment, risk control, risk monitoring and review, and risk communication. The system also provides a range of tools and techniques to help the business identify, assess, and manage risks. These tools and techniques include risk assessment, risk control, risk monitoring, and risk communication. Additionally, the system provides guidance on how to create and execute risk management plans and strategies. This system is designed to ensure that the business can identify, assess, and manage risks in a timely and effective manner.

The Risk Management Policy (**Annexure B6**) and the Business Plan (**Annexure C1**) both provide comprehensive information on the risk assessments that have been conducted. This includes the recognition of potential risks, the evaluation of the probability of these risks occurring, and the formation of strategies to reduce any potential risks

Using the forecast customer acquisition numbers and expected customer load for the following five years presented in the baseline business plan, describe how the applicant plans to manage wholesale price risk.

In responding to this question, applicants must include to the following:

- a) For electricity, does the applicant have a plan to hedge part or all of the load? For gas, does the applicant have a plan to hedge all or part of the load?⁴ Describe the applicant's intended strategy in detail.⁵

Active Retail has a conservative approach to risk, engaging Compliance Quarter to ensure full compliance with all applicable Codes, Guidelines or instruments issued by the Relevant Regulatory Bodies which include the AEMC, AEMO, AER & ESC.

Active Retail does not intend to register as a market customer to sell electricity via the gate meter thus there is no direct exposure to the wholesale market.

To mitigate the possible impact of wholesale market fluctuations, Active has entered into long-term contracts with a respected Tier 1 retailer, [Redacted]. These gate meter contracts ensure Active Utilities Retail is protected from significant price increases by the retailer, and in the wholesale market.

- b) What proportion of the applicant's customer load is anticipated to be purchased from the electricity or gas spot markets?⁶ If the applicant is intending to purchase from the spot market, it must specify the forecast spot prices being used, the basis on which spot prices are forecast and scenario analysis showing the impact of high, mid and low spot prices.

Active Retail does not intend to purchase from the spot market.

- c) Has the applicant made any preliminary arrangements or sought to obtain quotes to purchase hedging products? Provide details and evidence.

Active Retail does not intend to purchase hedging products.

- d) Describe how far in advance the applicant intends to hedge its wholesale risk, including information about hedging six months, 12 months, 18 months and 24 months ahead of anticipated need to supply customers. Also outline what amount of forecast load it plans to hedge and what level of residual wholesale risk the applicant will take.

⁴ For gas, if the applicant intends to purchase from the spot market, the risk assessment and mitigation approach must include the possibility that the time between the purchase of gas and customer payment is 60 days or more, and the administered price may apply during this period.

⁵ For electricity, specify the hedging methods the applicant intends to use (for example, does Australian Securities Exchange (ASX) Energy Futures, purchase over the counter (OTC) products, power purchase agreements, or generation ownership)? For gas, specify the hedging methods such as physical supply or storage contracts.

⁶ The applicant must ensure the wholesale price risk incurred through spot market trading is addressed in the risk management framework.

Active Retail does not intend to have direct exposure to the wholesale market.

Active Retail will mitigate against wholesale risk by purchasing supply through preferred (but not limited to) supplier, [Redacted]. See **Annexure A19** for an example contract for supply to Active and Active Retail.

Its pricing contracts range from 2 – 3 years for each site it manages under an Embedded Network.

- e) Describe how residual wholesale price risks will be mitigated.

The Risk Management Policy (**Annexure B6**) and the Business Plan (**Annexure C1**) provide comprehensive information on the risk assessments conducted. This includes the recognition of potential risks, the evaluation of the probability of these risks occurring, and the formation of strategies to reduce any potential risks.

Active Retail will continue to purchase energy through negotiated retail supply contracts. Further all gate meter retail contracts are negotiated with a flex value to ensure it has capacity to increase/decrease load without financial penalty.

- f) Which personnel in the applicant's business will be responsible for managing wholesale price risk? Outline their relevant experience in managing wholesale risks (including managing wholesale electricity and gas contracts and hedge products, where applicable).

Attachment reference: Annexure A5

Financial Pricing & Commercial Lead - [Redacted]

[Redacted] has several years of experience in managing wholesale risks in the energy industry, with a particular focus on electricity and gas contracts, as well as hedge products. In his role as Financial Pricing & Commercial Lead at Active Utilities, he developed risk management frameworks to identify and mitigate financial risks, while implementing financial strategies to optimize revenue. At [Redacted], as a Wholesale Energy Market Analyst, he conducted market scenario modelling, provided spot market analysis, and supported traders with hedging strategies. Additionally, at [Redacted], he managed pricing strategies, ensuring regulatory compliance and maintaining competitive pricing to support profitability.

[Redacted] reports into the Active Utilities CFO [Redacted]. [Redacted] has extensive experience as outlined in **Annexure A5**. This additional level of governance ensures that

Active Retail has experienced personnel both managing and performing the function of wholesale price management.

2.4 Dispute resolution

Applicants will need to provide documentation to demonstrate they are a member of the Energy and Water Ombudsman (Victoria) (**EWOV**) or have approached EWOV about [joining the scheme](#).

Attachment reference: Please see **Error! Reference source not found.** for correspondence with EWOV.

2.5 Registration with the Australian Energy Market Operator

Advise if the applicant has or intend to register with the Australian Energy Market Operator (**AEMO**). If so, provide evidence of registration or exemption, or intending registration or exemption (for example, correspondence between the applicant and AEMO). If the applicant is not registering with AEMO, describe why that is the case.

Active Retail does not intend to register with AEMO, as they are purchasing from an on-market retailer

2.6 Licences held in other jurisdictions

If the applicant holds, or has previously held, electricity and/or gas licences or authorisations in other jurisdictions provide details. If a licence or authorisation previously held has been suspended or cancelled, provide details.

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The applicant (Active Utilities Retail Pty Ltd) holds an electricity authorisation with the AER.

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2.7 Previous unsuccessful licence applications in other jurisdictions

Confirm whether the applicant has applied for an electricity or gas licence or authorisation in another jurisdiction and not been issued with a licence or authorisation, provide details.

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There have been no unsuccessful applications for an electricity or gas licence in another jurisdiction. The applicant (Active Utilities Retail Pty Ltd) applied for and holds an electricity authorisation with the AER.

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2.8 Licences held by associates of the applicant

If an associate (within the meaning of the *Corporations Act 2001* (Cth)) holds an electricity or gas licence in Victoria or in another Australian jurisdiction, provide details.

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Related entity [Redacted] holds a retail electricity and gas authorisation with the AER.

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2.9 Compliance management

- a) Provide evidence of compliance management which demonstrates how the compliance systems the applicant has (or will have) in place will ensure compliance with all the relevant regulatory obligations required by the retail licence.

Active Retail is committed to an effective compliance program implemented in accordance with AS ISO 19600:2015. Active Utilities Retail's Compliance Policy (**Annexure B2**) demonstrates the extent to which the standard has guided Active Retail.

Active Retail understands and will implement a range of measures to ensure compliance with regulatory obligations. The applicant's regulatory obligations include those under Energy Law (including the National Energy Retail Law, National Energy Retail Regulations, and various Victorian instruments), the Telecommunications Act 1997, the Do Not Call Register Act 2006 and the Australian Consumer Law (as set out in Schedule 2 to the Competition and Consumer Act 2010). Please refer to **Annexure B10** for a detailed list of Victorian regulatory obligations applicable to the applicant provided on a commercial in confidence basis.

The board of Active Retail has overall responsibility for setting and overseeing the corporate governance and compliance standards that are implemented by the Compliance Committee consisting of the Active Group CEO, COO, CFO, the Executive General Managers and the Risk & Compliance Officer. The CEO and COO are responsible for reporting Compliance Committee decisions and minutes of meetings directly to the Board.

Ways that Active Retail will ensure compliance include:

- The Compliance Committee: Responsible for developing and implementing the compliance program via the development of policies, procedures, and training programs.
- Compliance Personnel: Responsible for the day-to-day oversight of the compliance program of Active Retail.
- External Advice: Active Retail, as part of its compliance program, obtains advice on compliance and legal issues from a number of qualified external providers.
- Information Technology: Active Retail implements a range of technological solutions that aid in Active Retail compliance and implementation of the

compliance program. These include the Compliance HUB, a cloud-based system that tracks regulatory obligations and assigns various controls against obligations.

- Documentation: Active Retail has developed procedures and policies related to operational processes to ensure regulatory compliance. These documents are provided to employees to ensure implementation of practices in compliance.
- Compliance Risk Assessments: Active Retail actively seeks to identify and reduce the likelihood of breaches of regulatory obligations. A Compliance Risk Assessment will be conducted looking at applicable regulatory obligations, the consequences and likelihood of a breach and appropriate controls.
- Training and Assessment: The aim of compliance training and assessment is to reinforce in all staff the understanding that regulatory compliance is core to the applicant's operations. External training providers will be utilised where appropriate. Compliance Quarter will provide ongoing compliance training including using the Compliance HUB, in a face-to-face setting and via webinar.
- Qualified Staff: Appropriately qualified staff will be employed.
- Monitoring and Reporting: Any compliance breaches will be monitored, resolved, and reported in accordance with the Plan and the applicant's reporting obligations.

- b) Provide a copy of the applicant's compliance management strategy. A statement should also be provided (or supporting document must make it clear) whether the strategy has been developed in line with any Australian or International Standard (for example, AS ISO 19600:2015).

Attachment reference:

Active Retail is committed to an effective compliance program implemented in accordance with AS/ISO 19600:2015. Active Retail's Compliance Policy (**Annexure B2**) demonstrates the extent to which the standard has guided Active Retail. Details of the compliance management strategy are contained in the statement above; and the following attachments (provided on a commercial in confidence basis) demonstrate Active Retail's compliance strategy:

- Annexure B2: Compliance Policy.
- Annexure B3: Compliance Reporting Procedure - Victoria.
- Annexure B8A: Customer Hardship Policy - Victoria.
- Annexure B6: Risk Management Policy.
- Annexure B7: Risk Register / Matrix
- Annexure B5: Complaints Policy.
- Annexure B11: Privacy Policy.

- Annexure B9: Audit Policy
- Annexure B10: Obligations Register
- Annexure B15: Family Violence Policy

c) Provide a comprehensive and detailed compliance register which outlines the applicant's:

- i. regulatory obligations;
 - ii. source of each obligation;
 - iii. key actions for ensuring compliance with each obligation; and
- the personnel responsible for monitoring compliance.

Attachment references: please see **Annexure B10** for a copy of the Active Retail Obligations Register

2.10 **Material agreements**

Provide copies of agreements entered into, or intended to be entered into, by the applicant that are material to the undertaking of the energy retail activity.

Agreements that are material to the undertaking of the energy retail activity may include, but are not limited to:

- a) customer service and dispute resolution activities
 - N/A
- b) billing services
 - **Annexure 9:** [Redacted]
 - **Annexure 10:** [Redacted]
 - **Annexure 12:** [Redacted]
- c) metering data services
 - **Annexure A13:** [Redacted]
 - **Annexure A15:** [Redacted]
- d) compliance functions

- **Annexure A7:** Compliance Quarter - Contract

e) wholesale market management
N/A

f) risk management services
N/A

g) inter-company services.

- **Annexure C12:** Intercompany Services Agreement

Attachment reference:

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2.11 Policies

Applicants proposing to retail energy to residential customers must provide a copy of a:

- a) Victorian financial hardship policy - **Annexure B8A: Customer Hardship Policy - VIC**
- b) family violence policy - **Annexure B12: Family Violence Policy**
- c) life support policy.- **Annexure B16: Life Support Policy**

Attachment reference:

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2.12 Engagement with Energy Safe Victoria (gas retail applications only)

For gas retail applications, provide details about the applicant’s engagement with Energy Safe Victoria with respect to a gas safety case and any copies of correspondence.

Attachment reference:

Not applicable.....

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2.13 Additional information

Provide any additional information the applicant considers relevant to the commission’s assessment of the applicant’s technical capacity.

Active Retail, as part of the wider Active group, has the financial resources provided by its parent company and the benefit of the Active group’s significant energy market experience.

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3. Financial viability

The applicant must answer all questions in this section.

3.1 Financial resources

The applicant must provide a statement, which will be made available to the public during the consultation period, that the applicant has the financial resources to commence and sustainably perform the relevant licensable activities and meet the service standards for small customers (if applicable).

Provide a statement to confirm that:

- a) the applicant is financially viable and has the financial resources to commence and sustainably operate the retail business; and
- b) the applicant will be a registered market participant with the Australian Energy Market Operator for its retail business and subject to prudential requirements under the National Electricity Rules or National Gas Rules (as applicable).

Active Utilities Retail Pty Ltd confirms that:

- a) the applicant is financially viable and has the financial resources to commence and sustainably operate the retail business.

Active Retail will not be participating in the wholesale market and will therefore not be operating as a market participant.

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3.2 Supporting documentation

The applicant must provide documentation listed below to demonstrate the applicant has access to sufficient financial resources to sustainably operate a viable retail business in the electricity and/or gas industry. This includes operating cost considerations, demonstrating the applicant can meet significantly increased costs – detailed, itemised costs must be provided.

The applicant must provide evidence that it has sufficient financial resources to meet higher costs, including adequate liquid financial reserves to meet higher unforeseen costs, such as higher wholesale costs and increased AEMO prudential requirements.

The applicant must demonstrate a clear understanding of the wide-ranging effects of the identified risks and potential changes on its business and set out appropriate risk mitigation measures.

Risk mitigation measures may include evidence of available cash reserves, including bank balances, loan guarantees and the like to ensure the business is able to continue as an active participant by servicing all existing customers and continuing to grow its customer base.

Applicants should also consider whether other risk mitigation measures may be necessary to manage risks to the business, such as changes to the organisational and technical capacity of the business.

Provide the attachment reference for each document listed below and mark commercial-in-confidence where applicable:

- a) audited financial statements for the previous financial year or the past 12 months

Attachment reference: Error! Reference source not found..

- b) annual report

Attachment reference: not applicable

- c) guarantees in place

Attachment reference: Error! Reference source not found.

- d) shareholder register

Attachment reference: Error! Reference source not found.

- e) statements from banks/financiers, shareholders, the board or parent company

Attachment reference:

- f) Provide a statutory declaration by an officer of the company, disclosing:

- i. any material change in the financial position of the applicant that has occurred since the end of last financial year for which audited accounts are provided; and
- ii. any likely changes in the structure, operation or financing of the applicant or the licensed activity that could materially affect the applicant's financial viability.

Attachment reference: Error! Reference source not found. - finances

g) Provide a five-year business plan. The business plan must demonstrate that the applicant meets the financial viability criterion. For example, it should provide information on (as applicable):

- i. current valuations of the assets that will be used in undertaking the licensed activity
- ii. all sources of revenues from the licensed activity
- iii. all costs involved in undertaking the licensed activity, including:
 - A. the cost of meeting any prudential requirements
 - B. the cost of capital/debt
 - C. the cost to acquire customers
 - D. the cost to serve customers
 - E. the cost of meeting all relevant regulatory obligations, including environmental and green energy schemes (for example, Victorian Energy Upgrades).
 - F. the cost of procuring assets
 - G. wholesale costs.

Where revenues and/or costs are not fixed by contract, the business plan must include an explanation of the basis of the figures used and include appropriate stress testing and sensitivity analysis for such variables.

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Baseline business plan – financial model

- h) Present financial information: profit and loss, cash flow and balance sheet statements, including five years of forecast data, shown in monthly increments. The information must correspond to the applicant's business plan, and organisational and technical capacity.
- i) In presenting this information the applicant must also clearly set out the assumptions underlying the data, including customer acquisition numbers (shown in monthly increments), associated customer load under POE50 demand conditions, and assumptions about the cost of debt.⁷ Customer load should be shown as forecast demand for each month, in Megawatt hours (**MWh**) for electricity and Gigajoules (**GJ**) for gas.

Attachment reference: Error! Reference source not found.

Stress test scenarios – financial model

⁷ POE50 demand conditions refers to 'mid-range' demand outcomes, that is, a demand outcome with a 50 percent probability of exceedance.

j) Present the same financial information provided in the baseline business plan (profit and loss, cash flow and balance sheet statements) for five years, presented in monthly increments, for each of the scenarios listed below.

- i. The customer acquisition path is 50% lower than that specified in the baseline business plan. Hold all else equal.

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- ii. The customer acquisition path is 200% higher than that specified in the baseline business plan. Hold all else equal.

Attachment reference: Error! Reference source not found.

- iii. Present financial information for the scenario where:

- A. the customer acquisition path is 200% higher than that specified in the baseline scenario; and
- B. for electricity, the wholesale electricity cost equals the Annual Average Volume Weighted Price (**AAVWP**) for the preceding 12 months for the most expensive region
- C. for gas, the wholesale gas cost equals the highest financial year average cost in the preceding five years in the Declared Wholesale Gas Market (**DWGM**) or Short Term Trading Markets (**STTM**).

Attachment reference: Error! Reference source not found.

k) Present financial information for the scenario where:

- i. the customer acquisition path is 200% higher than that specified in the baseline business plan; and
- ii. for electricity, the average wholesale electricity cost equals the ASX-traded Base Future Contract Price for contracts that are available over the next 12-month period (from the time the licence application is submitted to the commission).

Attachment reference: Error! Reference source not found.

Notes regarding financial inputs

- **Electricity:** The AAVWP for each region is published following the close of the calendar year and financial year in the Australian Energy Regulator (**AER**)’s Wholesale markets quarterly report. Note: If an applicant has applied or intends to apply for a retailer authorisation with the AER, or holds a retailer authorisation with the AER, then it should use the most expensive region. If the applicant intends to solely retail electricity in Victoria, then the Victorian region should be used.
- **Gas:** The financial year average gas price for the DWGM and STTM are published on the AER website in the wholesale statistics subsection of the wholesale markets section.⁸ If an applicant has applied or intends to apply for a retailer authorisation with the AER, or holds a retailer authorisation with the AER, then it should use the most expensive region (STTM or DWGM). If the applicant intends to solely retail gas in Victoria, then the DWGM should be used.
- **Futures:** The Average ASX-traded Base Future Contract Price (ASXFC) are published on the ASX Energy website.

4. Fit and proper person

The applicant must answer all questions in this section.

In deciding whether to grant or refuse a licence application, the commission will consider whether the applicant is a fit and proper person to hold a licence in Victoria.

The concept of a ‘fit and proper person’ is established by common law and takes its meaning from its context, from the activities in which the person is or will be engaged, and the ends to be served by those activities.

In considering whether an applicant is a fit and proper person, we will have regard to the applicant’s honesty, integrity and reputation. These are relevant factors as they can inform an assessment of the likelihood of future conduct.

We will also consider the conduct of officers. We will also consider the conduct of related bodies corporate or entities that can exert control over the applicant.

- a) Have any directors of the applicant, directors of any entity that can exert control over the applicant, or any person with significant managerial responsibility or influence on the applicant:
 - (i) been declared bankrupt,
 - (ii) had their affairs placed under administration,

⁸ <https://www.aer.gov.au/wholesale-markets/wholesale-statistics/gas-market-prices>

- (iii) been disqualified from managing a company,
- (iv) been subject to debt judgements, or
- (v) insolvency proceedings (including any administration, liquidation or receivership in connection with the affairs of a company)?

If yes, provide details:

No – not applicable

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b) Has the applicant, any directors of the applicant, directors of any entity that can exert control over the applicant or any person with significant managerial responsibility or influence on the applicant 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))?

If yes, provide details:

No – not applicable

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c) Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility or influence on the applicant been involved in any material breaches of obligations regulated by the commission or any other regulator?

If yes, provide details:

No – Not applicable

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d) Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility been under investigation in relation to its regulatory obligations or is currently bound by an enforceable undertaking?

If yes, provide details:

No – not applicable

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- e) Has the applicant, any related body corporate or any person with significant managerial responsibility or influence on the applicant, been refused a licence or authorisation, or had restricted, suspended or revoked any such licence or authorisation (in any jurisdiction)?

If yes, provide details:

No – not applicable

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- f) Is the applicant a resident of, or does it have permanent establishment in, Australia?

If no, provide details:

Please refer to **Annexure A1: ASIC extract**

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- g) If any of the following apply, please provide details:

- i. the applicant is external administration (as defined in the *Corporations Act 2001* (Cth)) or under a similar form of administration under any laws applicable to it in any jurisdiction; or
- ii. the applicant is not capable of being sued in its own name in a court of Australia.

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No – not applicable

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Additional information

h) Provide any other information the applicant considers is relevant to the commission’s fit and proper person assessment.

Nothing further to add

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5. Commission objectives

The applicant must answer all questions in this section.

In deciding whether to grant or refuse an electricity or gas retail licence application, the commission must consider its objectives under the *Electricity Industry Act 2000* and/or *Gas Industry Act 2001* and the *Essential Services Commission Act 2001* (**ESC Act**).

Our primary objective under the ESC Act, when performing our functions and exercising our powers, is to promote the long-term interests of Victorian consumers. In seeking to achieve this objective, we must have regard to the price, quality, and reliability of essential services and the matters set out in section 8A to the extent they are relevant.

An applicant must clearly demonstrate how its proposed retail business model or project, such as an electricity transmission or generation project, is consistent with the commission's statutory objectives.

Applicants must provide a statement regarding why granting a licence would address the objectives outlined in:

- Section 8 of the ESC Act (also see section 8A of the ESC Act),
- Section 10 of the *Electricity Industry Act 2000*, and/or
- Section 18 of the *Gas Industry Act 2001*.

Specifically, the applicant must positively satisfy the commission that the entry of the applicant into the retail market will promote the long-term interests of Victorian energy consumers with respect to the price, reliability and quality of energy.

Active Retail's business model directly aligns with the objectives under Section 8 of the ESC Act by promoting the long-term interests of Victorian consumers through its focus on affordable, reliable, and sustainable energy solutions. Its core mission is to ensure that price stability, quality, and service reliability are prioritised.

By leveraging private high voltage networks and on-site generation technologies, Active Retail ensures a reliable supply of energy to its customers. These innovations reduce dependence on the broader grid, minimise strain on public infrastructure, and enhance system reliability, all while supporting sustainability goals.

Granting Active Retail a licence will promote the long-term interests of consumers by enhancing price competitiveness and ensuring high levels of reliability and quality through:

- **Affordable Energy:** Active Retail's business model ensures that consumers benefit from discounted electricity rates within private utility networks. This approach helps lower overall energy costs for consumers, aligning with the ESC's objective of providing cost-effective essential services.
- **Energy Reliability:** Active Retail's infrastructure solutions, such as Private Utility Networks and the ability to operate on-site generation and storage, help to ensure continuous, reliable energy for consumers while reducing dependence on the public grid.
- **Quality Service:** Active Retail's customer-centric approach, supported by advanced monitoring tools and an online portal for easy access to billing and usage data, ensures that consumers experience a high level of service quality.

Active Retail believes that by granting it an electricity retail licence, it will contribute positively to the long-term interests of Victorian consumers. Its business model emphasises competitive pricing, reliable service delivery, and sustainable energy solutions, ensuring that Active Retail effectively supports both consumer needs and Victoria's evolving energy landscape.

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6. Statutory declaration

All the information provided in this application and attached documents for the issue of an electricity or gas retail licence must be true and correct and must be verified by a statutory declaration. This statutory declaration must be made by the applicant (where the applicant is an individual) or a director of the applicant (where the applicant is a corporation) and must be made in accordance with the requirements of the *Oaths and Affirmations Act 2018*.

An example of a statutory declaration form can be found [here](#). Information for authorised witnesses can be found [here](#).

The statutory declaration must address the following:

- a) identification of the declarant's position and/or role with the applicant
- b) that the declarant believes the information provided in the application to be true and correct
- c) that the declarant believes the applicant has the financial resources to commence and operate the activities the subject of the licence. Further, that the applicant intends to be/is registered as a market participant with the Australian Energy Market Operator in relation to the activity of selling electricity or gas (if applicable).

The following statutory declaration template should be amended as appropriate, including for the purpose of complying with the *Oaths and Affirmations Act 2018* (for example, if the statutory declaration was made via audio visual link under section 30A of that Act, additional information must be included in the statutory declaration).

Statutory declaration template

I [name]

of [address]

[occupation]

make the following statutory declaration under the ***Oaths and Affirmations Act 2018***:

- a) I am the director of **[insert company name and details]**.....
- b) I believe [company name] is financially viable, having adequate resources to commence and sustainably operate the retail business.
- c) [Company name] intends to register/is registered as a market participant with the Australian Energy Market Operator in relation to the activity of selling electricity or gas (if applicable)
- d) The information provided in the application (including any attachments) provided by [company name] to the Essential Services Commission for an [electricity or gas] retail licence is true and correct.

I declare that the contents of this statutory declaration are true and correct and I make it knowing that making a statutory declaration that I know to be untrue is an offence.

Signature:

[signature of person making this statutory declaration in the presence of the authorised statutory declaration witness]

Declared at [place]..... in the State of Victoria

on [date]

Witness

I am an authorised statutory declaration witness and I sign this document in the presence of the person making the declaration:

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[signature of authorised statutory declaration witness]

on [date]

[full name and personal or professional address of authorised statutory declaration witness in legible writing, typing or stamp]

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[qualification as an authorised statutory declaration witness]

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A person authorised under section 30(2) of the ***Oaths and Affirmations Act 2018*** to witness the signing of a statutory declaration.

Please see Annexure C13 for the signed statutory declaration