

Application for Gas Retail Licence



by

Powershop Australia Pty Ltd (ABN 41 154 914 075)

June 2016

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Introduction

Powershop Australia Pty Ltd, ABN 41 154 914 075 (**Powershop**) operates an electricity retailing business in the National Electricity Market, in both Victoria and New South Wales. Powershop provides the following application details in accordance with the “Guidance Notes for Applications for Gas Licences and the Transfer of Existing Gas Licences” issued by the Essential Services Commission of Victoria (the **Commission**) in October 2006. Powershop seeks a licence effective any date prior to 1 October 2016.

1. Information on the applicant

1.1 Registered address

As at the date of this application Powershop’s registered address is:

Powershop Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000

1.2 Contact person

Michael Benveniste
Head of Commercial & Strategy
Powershop Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000
Phone: 03 8370 2136

1.3 Corporate & Organisation structure

Powershop’s corporate structure and organisational chart is shown in Schedule 1.

(a) Meridian Energy Limited

Powershop is incorporated and operates in Australia. Its ultimate parent company is Meridian Energy Limited (incorporated in New Zealand). Meridian Energy Limited is listed on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX) and is a mixed ownership model company, with 51% owned by the New Zealand Government. Meridian Energy Limited is New Zealand’s second largest corporation by market capitalisation with a value of A\$6.2B.¹

Meridian Energy Limited owns 100% of its Australian subsidiaries (the Meridian Energy Australia Group) via two holding companies:

- Three River Holdings No.2 Ltd; and
- Three River Holdings No.1 Ltd.

As a Meridian Energy Limited group company, Powershop ultimately operates under the Meridian Energy Limited Board and management.

(b) Meridian Energy Australia Group

The Meridian Energy Australia Group collectively owns, operates and manages Meridian Energy Limited’s assets, people and contracts in Australia via various corporate entities (as shown in Schedule 1). All entities in the Meridian Energy Australia Group have the same company directors.

¹ Based on an ASX closing share price of A\$2.41 at 22 June 2016.

(c) Powershop Australia Board

Powershop's Directors are Mark James Binns (Chief Executive Officer, Meridian Energy Limited), Paul Thomas Chambers (Chief Financial Officer, Meridian Energy Limited) and Edward McManus (Chief Executive Officer, Powershop). The Powershop Australia Board are accountable for the management and success of Powershop in Australia.

(d) Ari Sargent & Powershop New Zealand

Ari Sargent provides marketing knowledge, and the benefit of his experience running Powershop New Zealand. The Powershop New Zealand team provides capability and resource as necessary.

(e) Team members

Powershop's management and support team combines strong leadership with solid industry experience and in addition has access to the Retail Energy Market experience of Meridian Energy Limited and the Powershop New Zealand team.

1.4 Experience of key people

The summaries below set out the relevant experience of key Powershop personnel, including those members of the Meridian Energy Australia Pty Ltd, Meridian Energy Limited, and Powershop New Zealand Limited teams who will dedicate time and effort to supporting Powershop should Powershop's application be successful. Schedule 1 contains further details including full CVs for all key Powershop personnel.

(a) **Ed McManus** **Chief Executive, Powershop**

Ed has a background in sales, marketing, operations and IT systems development, having spent over 10 years in the pharmaceuticals and digital advertising industries. Prior to joining the Powershop team Ed was Group Manager - Marketing Operations at the ASX listed REA Group, the publishers of realestate.com.au as well as several other platforms in Australia and internationally.

Ed was originally a scientist, having completed a PhD in Biochemistry and spending several years in research.

Since joining Powershop, Ed has overseen growth in the business from approximately 20,000 to 80,000 customers.

(b) **Christopher Murphy** **Strategic Advisor, Powershop**

Chris Murphy has extensive experience in electricity and financial markets. Chris was the Chief Executive Officer of Secure Energy Pty Ltd from 2007 until 2011 when he joined Meridian Energy Australia Group. From 1997 to 2004 Chris was General Manager – Strategy & Planning, and General Manager – Network Commercial at United Energy Limited. In these roles he was responsible for

distribution revenue, system-wide load forecasting, tariff development, regulatory affairs, corporate strategy and the establishment and eventual sale of UECOMM Limited (a telecommunications subsidiary of United Energy), Pulse Energy Pty Ltd (an electricity retail business) and EdgeCap Pty Ltd (energy trading).

From 1993 to 1996, Chris was an Executive Director of JT Campbell & Co Pty Ltd. From 1994 to 1996, Chris was a director of Moldflow International Pty Ltd and from 1997 to 1998 a director of The Preston Group Ltd, both international software development companies, and has additionally formally been a non-executive Director of a number of ASX-listed companies.

(c) **Lynne Sutton, General Counsel** **Powershop**

Lynne Sutton is General Counsel and Company Secretary of Powershop and all Meridian Energy Australia Group companies. Lynne has worked in the legal team at Powershop since December 2013 and is responsible for all legal and regulatory compliance and approval processes. Prior to this Lynne was a lawyer at Allens (formerly Allens Arthur Robinson) and worked in the mergers and acquisitions, banking and finance and energy, resources and infrastructure practice groups. Lynne has experience in both the Australian electricity and gas sectors.

(d) **Scott Begg** **Head of Retail Operations, Powershop**

Scott has worked in the energy industry for over 30 years, exclusively focused on customer management and systems. During this time he has seen the disaggregation of the state owned businesses to re-aggregation of gas and electricity

businesses with privatisation. Having experience across both gas and electricity, Scott has managed teams involved in call centre, collection, billing, customer transfers, complaint management, process improvement and meter data; both as an employee and service provider to a large tier 1 retailer.

Scott joined Powershop in August 2013 and has led the retail operations team, managing all facets of the customer experience, which has seen the customer base smoothly transition from a few hundred customers to in excess of 80,000 customers in a relatively short period.

Prior to joining Powershop, Scott was a Service Delivery Manager to the energy industry with IBM.

(e) Catherine Anderson
Head of Marketing, Powershop

Catherine has a strong passion for marketing and communications, having worked on both agency and client side in Australia and across South-East Asia. Catherine began her career with the corporate strategy team at Siemens Australia before leaving Australia for five years working in agency various roles in South-East Asia. Prior to joining the Powershop marketing team in 2015, Catherine's most recent role was marketing for The Coca-Cola Company in Indonesia. Catherine has a Masters of International Marketing from Monash University.

(f) Michael Benveniste
Head of Commercial & Strategy, Powershop

Michael is a Certified Practicing Accountant with over 19 years' experience working in accounting, finance and management reporting. As Head of Commercial & Strategy and previously Financial Controller, Michael has developed the systems and

processes within the Company's finance and HR business units. In addition, Michael has been involved in the project accounting for the Mt Mercer Wind Farm, the financing and subsequent sale of the Macarthur Wind Farm, the creation of the Powershop retail business and the setup of the energy markets electricity risk management division. He initially worked in accounting practice, prior to various accountant and IT roles within Visy Industries, and has worked within large multinationals, government bodies and listed Australian companies. Michael was previously an associate and financial controller of J T Campbell & Co Pty Ltd and was Chief Financial Officer of Secure Energy Pty Ltd.

(g) Tony Sherburn
Chief Financial Officer, Powershop

Tony is a chartered accountant (CA ANZ) with over 30 years' experience across a range of industries, including R&D, manufacturing, satellite broadcasting and software development. Prior to joining Powershop in 2013 he had been Chief Financial Officer of Ceramic Fuel Cells Limited, a publicly listed company in Australia and the UK. He has extensive senior finance experience including raising debt and equity in Australia and Europe and managing strategy, finance and external reporting functions.

(h) Kate Blackwell
Financial Controller, Powershop

Kate is a finance professional with over 11 years' experience working in financial accounting, management accounting and treasury positions and is CPA qualified. Kate is currently the Financial Controller.

Kate has worked across a broad range of countries and industries, including wine, construction, music and banking. She has

developed the accounting processes in relation to the energy retail business, worked closely with Energy Markets with streamlining settlements and is also a business partner to the Operations, HR and Regulatory business units.

(i) James Waldren
Manager Energy Markets, Powershop

James has over 15 years of electricity trading and risk management experience. James began his career as an energy analyst with the Sydney Futures Exchange, listing the original Australian electricity futures contracts. James' first power trading role was with Southern Hydro Pty Ltd, working there for eight years until the company was sold by Meridian Energy to AGL. He then joined investment bank Goldman Sachs to develop an electricity trading business and provide expert advice on the sale of Snowy Hydro. James subsequently joined Commonwealth Bank of Australia as the Head of Electricity Trading and developed its energy trading business. In addition to electricity trading experience James also has experience in trading renewable energy certificates and carbon credits with his own trading business Ipsos Renewables Pty Ltd and with Ecofund Queensland Pty Ltd (a Queensland government business trading in carbon credits and renewable energy certificates) where he was General Manager Trading and Advisory.

(j) Darryl S Flukes
Chairman Energy Risk Management Committee, Powershop

Darryl was previously the Chief Executive Officer of Infratil Energy Australia (Lumo Energy). Darryl was instrumental in entering the **Australian Energy Market Operator (AEMO)** Declared Wholesale Gas Market (**DWGM**) as one of the first "new entrants". Darryl recruited and built from start-up, the wholesale gas team

including: supply contract negotiators, market operations, analysts, back-office etc. Darryl also traded gas privately in the DWGM as Managing Director of Aus Gas Trading. More recently, Darryl has consulted to the industry on gas market matters, clients including APA, Nova Power, Dodo Power & Gas (M2) and Cape Energy.

(k) Ari Sargent
Chief Executive Officer, Powershop New Zealand Limited

Ari is a veteran of the New Zealand electricity industry with over 20 years of experience in senior roles. As Head of Strategy for Meridian Energy Limited, Ari identified an opportunity to create a new electricity retailing paradigm. He went on to found and spearhead the development of Powershop New Zealand Limited as a fully owned subsidiary of Meridian Energy Limited. Launched in February 2009 as the world's first online electricity store, Powershop has been growing exponentially and was recognised by Deloitte as New Zealand's fastest growing business in 2011. As a dedicated advocate for customers Ari has led Powershop to set unprecedented industry benchmarks in customer satisfaction and service.

(l) Dan Lee
Head of Product, Powershop New Zealand Limited

Dan is a seasoned technology entrepreneur, with over 19 years' experience in key technology roles in wholesale and retail energy markets systems throughout Australasia and Asia. Dan has founded two successful SaaS start-up companies and managed them to successful exit. The first was acquired by Powershop, the second by Citrix. Following two years as a Senior Product Line Director for Citrix based in Santa Barbara, Dan has returned to Wellington to focus on Powershop.

(m) Mark Binns
Chief Executive Officer, Meridian Energy Limited

Prior to joining Meridian Energy Limited, Mark Binns was Chief Executive – Infrastructure at Fletcher Building Limited. Mark joined Fletcher Challenge Limited in 1989 from the partnership of a large Auckland law firm. Following roles in Fletcher Property, he became Chief Executive of Fletcher Construction and also had responsibility for all property related activities of Fletcher Building.

(n) Paul Chambers
Chief Financial Officer, Meridian Energy Limited

Before taking up his role at Meridian in 2009, Paul was Chief Financial Officer of Transfield Services New Zealand. Paul has extensive senior finance experience in a variety of industries, including ports, manufacturing and retail, both in the UK and France. Paul is a chartered accountant (NZICA and ICAEW). Paul's team has responsibility for strategy coordination, performance measurement, external reporting, funding, risk management coordination, procurement and financial transaction services.

1.5 Outsourcing

Powershop's gas retail business plan does not contemplate outsourcing any of the key activities to third parties. The structure of resources of the Powershop business is provided in Schedule 1 and section 1.4 of this application.

1.6 Details of incorporation

A copy of Powershop's Certificate of Registration is provided at Schedule 2, and a copy of Powershop's Constitution is provided at Schedule 3.

1.7 Shareholders

Powershop is not publicly listed. Meridian Energy Limited, Powershop's ultimate shareholder, is majority owned by the New Zealand Government, and is listed on the ASX (code MEZ) and NZX (code MEL).

1.8 Licence conditions

Powershop does not seek any non-standard licence conditions.

1.9 Current activities within the energy industry

Powershop and its related bodies corporate are heavily involved in the electricity industry in Victoria, New South Wales, South Australia and overseas.

Powershop's ultimate parent Meridian Energy Limited is the largest electricity generator in New Zealand, is an exclusively renewable generator and has one of Australasia's largest renewable-only generation portfolios.

In Australia, the Meridian Energy Australia Group owns Mt Millar Wind Farm (a 70MW generation facility in South Australia), and Mt Mercer Wind Farm (a 131MW generation facility in Victoria).

As it already owns licensed businesses within Australia, the Meridian Energy Australia Group already holds electricity industry licences – including a Victorian electricity retail licence issued by the Commission, a retailer authorisation issued by the Australian Energy Regulator, a generation licence issued by the Essential Services Commission of South Australia for Mt Millar Wind Farm, and a generation licence issued by the Commission for Mt Mercer Wind Farm.

The Meridian Energy Limited group currently includes three retail businesses, two based in New Zealand – Meridian Energy Limited retail, and Powershop New Zealand – and Powershop Australia. Together they serve over 300,000 customers.

In the last 12 months Powershop has:

- been ranked #1 by Canstar Blue for Most Satisfied Customers for electricity providers in Victoria;
- been ranked #1 greenest retailer in the Greenpeace Green Electricity Guide;
- begun retailing electricity to customers in New South Wales; and
- been named as the retailer to Australia's Happiest Energy Customers for 2015 by ServiceRage.

In addition, members of the Powershop team have actively participated in a range of industry bodies, forums and workshops.

1.10 Proposed activity following grant of licence

Powershop seeks to develop a gas retail business in Victoria based on the Powershop business model, which has been successfully utilised to retail electricity to over one hundred thousand customers in Australia and New Zealand. The Powershop business model is customer centric, focusing on empowering customers with tools and insights to help customers save

money and reduce their impact on the environment. Current Powershop electricity customers are able to make online purchases of energy and are provided the ability to monitor usage and purchase in advance of requirements to maximise savings and manage their budgets. The same principles and values will be the foundation of the gas retail business should this licence application be successful.

2 The Commission's objectives

2.1 General

The grant of a gas licence to Powershop would be consistent with the objectives of the Commission set out in s.8 of the *Essential Services Commission Act 2001*(Vic) and s.18 of the *Gas Industry Act 2001*(Vic).

2.2 Promoting the long term interests of Victorian consumers

Powershop will promote the long term interests of Victorian consumers by providing an alternative within a competitive retail gas market. The move to full retail contestability within the Victorian gas market was intended to give all gas customers the right to choose a retailer, and more retailers means more choice for consumers. Long term, the introduction of retailers with sustainable business models and appropriate financial capability, such as Powershop, will benefit the Victorian gas industry.

2.3 The price of essential services

In a market with the optimal number of retailers, competition will be optimal. Increased competition promotes efficient pricing. Powershop's desire to enter the gas retail market is based on analysis that suggests the Victorian market environment supports the addition of new entrant retailers. Additionally, the Powershop model will encourage large discounts on gas. Powershop can provide discounted prices to consumers in a sustainable manner. In respect of electricity retailing in Victoria, Powershop has been identified by the Commission as a retailer that often offers the lowest prices taking into account all available discounts.

2.4 The quality of essential services

The quality of the Powershop experience is clearly demonstrated by Australian and New Zealand consumers' satisfaction with Powershop.

For the past seven consecutive years, Powershop New Zealand has achieved scores of between 90% and 96% in the annual Consumer New Zealand survey for electricity retailer customer satisfaction. Powershop was awarded Canstar Blue's "Most Satisfied Customers" award for electricity providers in Victoria for 2015, and Powershop NZ has won the equivalent award for NZ four years running. This year, Powershop customers were also named "Australia's Happiest Energy Customers" for 2015 with ServiceRage. The ServiceRage website rates customer satisfaction by scanning social media and collating positive or negative public comments. It reinforces the integral role that social media activity plays in Powershop's interactions with customers, and its influence on Powershop's reputation within the industry.

Overall, consumers are the ultimate judge of a service's quality, and have evidently judged Powershop to be a high quality offering.

2.5 The reliability of essential services

Powershop intends to foster and focus on its relationships with gas distributors to ensure a high level of communication, and as a result, timely resolution of supply issues. Powershop also intends to adopt a model that allows consumers to be better informed about their gas supply and any impacts thereon.

2.6 A consistent regulatory approach to electricity and gas

Granting Powershop a licence will be of no detriment to this objective, and the grant of a licence is consistent with this objective of the Commission.

2.7 Promoting the development of full retail competition

Full retail competition requires consumers to be given adequate choice in the market, and granting a licence to Powershop promotes this objective.

3. Information on financial viability

3.1 Powershop can meet the financial viability requirement

Powershop has sufficient financial capability to hold the requested licence, as detailed below and in schedules attached. Powershop assures the Commission it has sufficient financial resources to sustain its operations and meet all prudential requirements set by AEMO, the Commission, and the Australian Energy Regulator (**AER**) (as enforcer of the National Gas Law and National Gas Rules).

Powershop's ultimate parent, Meridian Energy Limited is New Zealand's largest energy utility and one of the largest companies in New Zealand. In the year to 30 June 2015, based on approximate current exchange rates, Meridian Energy Limited had revenues exceeding A\$1.3B, EBITDAF² of over A\$550m, net profit after tax of A\$220m, assets valued at over A\$7B, and total equity of A\$4.36B. Meridian Energy Limited's Annual Results Announcement for the year ended 30 June 2015 is contained at Schedule 4.

3.2 Australian Financial Services Licence

Meridian Energy Limited currently holds Australian Financial Services Licence (**AFSL**) number 409423, and Meridian Energy Markets Pty Ltd holds AFSL number 417585. Powershop will undertake any contracting requiring an AFSL through an intermediary authorisation agreement (pursuant to s.911A(2)(b) of the *Corporations Act 2001*(Cth)) with Meridian Energy Markets Pty Ltd. Powershop is therefore satisfied it can comply with AFSL requirements.

² EBITDAF is earnings before interest, tax, depreciation, amortisation, change in fair value of financial instruments, impairment and gains/(losses) on sale of assets.

3.3 Credit rating

Meridian Energy Limited's S&P credit rating is BBB+ and a copy of its S&P credit rating report is contained at Schedule 5.

3.4 Distribution arrangements

Powershop seeks to enter distribution use of system agreements with various gas market participants, and before undertaking any licensed activities in a distribution area will have such an agreement in place with the applicable participants. Powershop will initially be required to provide no credit support, given the abovementioned BBB+ credit rating. It is not anticipated that Powershop will have to provide credit support at any time in the foreseeable future, but Powershop would nevertheless be confident in its ability to provide credit support if necessary given Meridian Energy Limited's strong financial position.

3.5 AEMO credit support requirements

Powershop, as a Market Participant, will provide appropriate financial securities defined in the National Gas Rules, to cover potential liabilities to the market. Powershop can comfortably provide these amounts of credit support. Powershop has also analysed likely AEMO prudential requirements for future years and is confident that throughout the duration of the term of its licence Powershop will be able to meet AEMO's credit support requirements.

3.6 Business plan

Powershop has developed a detailed business plan and financial model for the purpose of its entry into the gas retail industry. Powershop is confident that this model, which builds on Powershop's successful experience in electricity retailing, will ensure that it is well-resourced and capable of undertaking a careful transition into the gas retail market.

Further details regarding Powershop's business model and financial viability have been supplied in Schedule 6.

4. Information on technical capacity

4.1 General

Powershop provides the information contained in this section, to demonstrate that it has the expertise, knowledge and skill base to operate and manage its proposed gas retail business and the capacity to comply with applicable regulatory requirements.

4.2 Internal controls, policies and procedures

Meridian Energy Limited, as the largest electricity generator and a significant electricity retailer in New Zealand, has an extensive suite of well-developed policies to ensure that Powershop's transition to a gas retail business has the people, processes and systems to deliver its full range of services in a manner which is compliant with all industry, regulatory, legislative and best practice requirements. The successful entry of Powershop into the Victorian and New South Wales electricity markets was facilitated by the infrastructure and support provided by Meridian Energy Limited.

Powershop and the Meridian Energy Australia Group are subject to the Meridian Energy Limited policies and procedures (with amendments to suit Australian requirements where applicable). Copies of the relevant policies and procedures are set out in Schedule 7 of this application.

4.3 Demonstration of billing and management systems

On full scale market launch, Powershop will utilise the Powershop platform already in use in Victoria and New South Wales and servicing over 80,000 customers. While slight changes will be made to the platform to accommodate specific features of the Victorian gas market, the system has been a proven success. It handles all automatable billing

and customer management functions of the retailing process. Schedule 8 delves further into the Powershop platform.

4.4 Complaints register and procedures

Powershop has a detailed customer management procedure which includes complaints handling procedures. The procedures include:

- recording, tracking and monitoring of all customer complaints and comments;
- committing to responding within 2 working days to any complaints received;
- weekly reporting of status, disposition and trends in complaints to senior Powershop management;
- full support of EWOV obligations including information provision, complaint reassessment and escalation;
- monthly reporting, at a board level, of summary complaint details, all outstanding matters and trends and corresponding mitigations identified; and
- specific accountability within the company's regulatory team for managing, monitoring and supporting the company's complaints procedures and obligations.

Customer complaints are recorded and handled in the first instance by customer service representatives with the ability to immediately escalate to supervisors. If complaints are unable to be resolved at this level, a direct escalation path exists to senior Powershop management, then General Counsel and ultimately to the CEO of Powershop.

Any complaint involving EWOV will be immediately notified to the General Counsel to ensure it receives appropriate resource and attention.

4.5 Privacy statements

Powershop has implemented systems and procedures to ensure the maintenance of the confidentiality of customer information and to maintain the privacy of all customer information, including adoption of a company Privacy Policy. These systems and procedures include the following elements:

- detailed system user access control including limiting access to authorised personnel only and tracking and recording all access for audit and control purposes;
- full training in privacy and confidentiality management obligations is provided to all users before access is granted;
- an architecture having several robust security mechanisms; and
- clear and simple information about customer's privacy rights and the company's obligations made available to all staff and customers.

The system leverages existing security and privacy protection capability currently utilised in the Powershop New Zealand business which is subject to equivalent privacy obligations. It also ensures Powershop's compliance with the Australian Privacy Principles.

4.6 Document Retention policies

Powershop utilises systems that were previously developed for the Powershop New Zealand business, and which is subject to the Meridian Energy Limited computer use, data security guidelines and the ICT security policies and standards. As a company that is majority-owned by the New Zealand Government, and is listed on the ASX and NZX, Meridian Energy Limited is subject to and has developed extensive document retention processes, systems and standards which include full redundant backups, archiving and tracking.

4.7 Industry submissions and results of any research supporting the application

Powershop and Powershop New Zealand have developed a retail platform which has demonstrated significant customer acceptance and support. Attached at Schedule 10 is information on Powershop's 2015 ServiceRage Energy award for customer satisfaction, and Powershop's award from Canstar Blue for "Most Satisfied Customers" for electricity providers in Victoria for 2015, as well as information on Powershop NZ's award from Canstar Blue.

5. Information in support of retail licence application

5.1 General

As detailed above, Powershop has experience and knowledge of the electricity retail industry sufficient to operate its proposed gas retail business. Some further information on Powershop's capability is provided in this section.

5.2 Customers to be served

Powershop primarily intends to serve residential and small to medium-sized commercial and industrial sites (Tariff V), but seeks a licence without restrictions as to customer type.

5.3 Gas supply arrangements

Powershop's arrangements for wholesale gas sale are commercial in confidence. Please see Schedule 9.

5.4 Registration as a customer in the National Gas Market

Ideally prior to the grant of a licence, and in any event prior to the commencement of any licensed activities, Powershop will register with AEMO in a registrable capacity as a Market Participant – Retailer in the Victorian retail gas market. Powershop will ensure it complies with the registration requirements contained in Part 15A of the National Gas Rules.

5.5 Capacity to operate a business

Powershop's capacity to operate a business is demonstrated by its successful entry into the Victorian and New South Wales electricity markets and the fact that it is a wholly owned subsidiary of Meridian Energy Limited (a significant New Zealand retailer and New Zealand's largest electricity generator).

Powershop, as a member of the Meridian Energy Australia Group, will have full access to the skills and capabilities of that organisation and the full support of Meridian Energy Limited.

Through its ownership of the Mt Millar and Mt Mercer Wind Farms, the Meridian Energy Australia Group has already demonstrated its significant capacity to manage major energy industry projects and comply with all relevant regulatory requirements.

To support the Powershop business and its other Australian business activities, the Meridian Energy Australia Group has invested in systems, processes and people. Since Powershop's entry into the electricity retail market, the Meridian Energy Australia Group has:

- established an Energy Markets Management team headed by an experienced energy trader and supported by fully developed trading systems and sophisticated trading policies and risk management systems;
- commenced participation in wholesale energy markets and established necessary systems and arrangements including ISDA agreements, AFSL and settlements processes and systems; and
- employed senior staff with experience establishing and operating energy retail businesses and systems (including managing customer contracts, account establishment and billing and collection).

In addition the Powershop gas business will have access to the skills and systems of the wider Meridian Energy Limited group including the Powershop platform, appropriately adjusted to meet the regulatory and operational requirements of the Australian retail energy market.

5.6 Capacity to comply with regulatory requirements

Powershop's compliance with Victorian retail gas market regulatory requirements will be supervised by the Meridian Energy Australia Group regulatory team which is headed by the General Counsel and advised by Chris Murphy who has over 10 years' experience in managing and participating in energy industry regulatory arrangements. The team is supported by an experienced Compliance Officer fully versed in energy law.

To ensure appropriate compliance with regulatory obligations (including provision of information to distributors, meter reading, provision of information to customers, privacy and confidentiality management) Powershop's platform will be further developed to facilitate all such activities in a compliant and automated manner.

Powershop will adopt the model terms and conditions for standing offers included in v 11 of the Energy Retail Code.

The Powershop platform is a fully developed customer information management system that is specifically designed to ensure appropriate management of energy retail transactions. The system includes:

- the management of supplier and customer contracts;
- accurate and secure maintenance of customers' accounts;
- provision of customer service to a standard in excess of all relevant codes and guidelines;
- management and undertaking of customer billing and collection;
- appropriate management, governance and reporting consistent with codes and guidelines and any applicable Australian Standards (AS-3806, AS – 8000); and
- maintenance and appropriate record management.



POWERSHOP
A better power company

Powershop Australia Pty Ltd
ABN 41 154 914 075
357 Collins Street
Melbourne, VIC 3000

Statutory Declaration

I, Michael Benveniste, of 357 Collins Street, Melbourne VIC 3000, being the Head of Strategy & Commercial of the Applicant, Powershop Australia Pty Limited, **Hereby DECLARE** that the information contained in this application, and attachments thereto upon which I have placed my signature, for the grant a gas retail licence under the Gas Industry Act 2001 is true and correct and that I make this declaration conscientiously believing the same to be true and in the belief that a person making a false declaration is liable to the penalties of perjury.

Declared at Melbourne in the State of Victoria,

This eleventh day of July 2016,

of 357 Collins St, Melbourne vic. 3000
an Australian Legal Practitioner
within the meaning of the
Legal Profession Act 2004

Before me

(A person authorised by section 107A of the Evidence Act 1958 (Vic))