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DODO POWER & GAS

GAS LICENCE APPLICATION

26 JUNE 2007

Prepared for:

**ESSENTIAL SERVICES COMMISSION
LEVEL 2, 35 SPRING STREET
MELBOURNE 3000**

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SECTION 1 – THE APPLICANT AND NATURE OF THE APPLICATION

THE APPLICANT

S1.1 DODO POWER & GAS

The applicant is Dodo Power & Gas Pty Ltd (ABN 15 123 155 840) (**Dodo Power & Gas**) of Level 14, 600 St Kilda Road, Melbourne, Victoria 3004. Dodo Power & Gas is a registered company under the Corporations Act 2001, registered in Victoria on 18 December 2006. The Certificate of Registration for Dodo Power & Gas is in Attachment 1, together with details of its registration on the Australian Business Register.

Dodo Power & Gas is a 100% privately owned Australian company, majority owned by Dodo Australia Pty Ltd (ABN 31 097 636 970) (**Dodo Australia**) of Level 14, 600 St Kilda Road, Melbourne, Victoria 3004.

S1.2 ABOUT DODO AUSTRALIA

Dodo Australia, established in 2001, has grown to become a significant player in the Australian telecommunications industry. Dodo Australia is Australian-owned and operated and has one of the most recognised brands in the industry.

Dodo Australia provides a full range of telecommunication voice and data services covering Internet service provision, mobile telephony and fixed line phone services for residential and business customers. It has a customer base of 300,000 residential and business customers nationwide with considerable wholesale arrangements with telecommunications providers such as Telstra, AAPT, Soul, Nextep, Powertel, Optus, Vodafone and Virtel.

S1.3 CORPORATE STRUCTURE

The corporate structure of Dodo Power & Gas, together with details of its shareholders and beneficiaries, are provided on a commercial-in-confidence basis in Attachment 2.

S1.4 EXECUTIVE MANAGEMENT TEAM EXPERIENCE & CAPABILITY

Dodo Power & Gas has assembled a team of highly skilled executives who have extensive energy, telecommunications and general commercial experience. The team has strong complementary skills and possesses sound energy industry knowledge and experience from years of active participation in the Australian and New Zealand energy markets, including a deep appreciation of the key success factors and requirements influencing and shaping the energy retail sector in Australia. This includes a collective understanding of the opportunities, risks and threats at critical points of the energy supply chain including in particular, wholesale procurement and risk management, sustainable customer value proposition, access to channels-to-market, customer service and support, and operational compliance.

Operationally, all members of the team have considerable hands-on contact centre experience in the capacity of management, sales support and service provision and customer information management, including intimate knowledge of customer end-to-end processes, from campaigning and servicing to transfer, enrolment, billing and collection.

In addition, the directors of the team offer exceptional commercial nous with proven success in building and operating a compliant utility business from the ground up, which will be invaluable in establishing Dodo Power & Gas as a significant player in the Victorian energy market.

The Dodo Power & Gas executive management team structure, background and experience are provided in Section 4 below.

S1.5 EXTERNAL SERVICE PROVIDERS

Dodo Power & Gas will rely on the skills and expertise of external service providers to supplement the experience of its executive management team until it is able to acquire its own skills and expertise in certain areas. In particular, Dodo Power & Gas will initially engage external expertise and support for its wholesale supply sourcing and risk control, as well as back office service support and systems. More information on each of these areas is provided below.

Wholesale Supply Sourcing and Risk Control

Dodo Power & Gas's approach will be proactive management of its wholesale portfolio to the extent of being an active, non-speculative market participant. Dodo Power & Gas will therefore not enter into wholesale positions for speculative purposes and understands the need to have a robust wholesale risk control policy to ensure wholesale procurement and trading, governance, policy direction and compliance are strictly adhered to by its employees.

A draft wholesale risk control policy is provided on a commercial-in-confidence basis in Attachment 3. The attachment also includes supply sourcing discussions and interactions with gas suppliers, retailers and intermediaries.

Back-Office Service Support and Systems

Dodo Power & Gas will be supported by services provided by Dodo Australia under a Personnel, Management and Intellectual Property Support and Licence Agreement (**PMIPSLA**) between the two businesses, as provided in Attachment 4. Under the PMIPSLA, Dodo Australia will provide various services necessary to run an energy retail business, and in particular the resources, systems and processes of Dodo Australia's contact centres, which currently provide full scale in-house customer service and technical support covering retention and acquisition sales, transfers, account establishment and management, billing, collection and complaints handling for the telecommunications sector.

In addition to the services provided by Dodo Australia, Dodo Power & Gas has entered into a Business Process Outsourcing Agreement (**BPOA**) with Serviceworks Pty Ltd. Serviceworks is an established customer management, solutions and consulting services provider in the Australian energy industry. The BPOA will provide Dodo Power & Gas with external back-office system and service support in customer management areas specific to customer activation and market transfer, account establishment, industry hub service orders and transactions processing, customer and meter data management and bill calculation. A copy of the BPOA detailing the nature and structure of the provision of these functions is included on a commercial-in-confidence basis in Attachment 5.

NATURE OF THE APPLICATION

Dodo Power & Gas has been established to retail gas (and electricity) in Victoria and other Australian jurisdictions. It principally aims to retail gas to consumers of less than or equal to 5,000GJ per year, but may eventually extend its retail operations to larger gas consumers.

Through the PMIPSLA, Dodo Power & Gas will leverage the highly successful telecommunications retail expertise of Dodo Australia including existing “Dodo” brand and distribution channels. Dodo Power & Gas will utilise Dodo Australia’s range of products to bundle energy and telecommunications retail services to consumers and the “Dodo” brand to deliver market awareness for Dodo Power & Gas energy services.

The bundling of gas and telecommunications services is an industry paradigm shift in itself, which will drive existing and new energy retail players to innovate, and as such promote greater competition in Victoria and deliver flow-on benefits for consumers. Consumers will experience and enjoy increased choices, including the ability to efficiently deal with a single multi-utility retailer capable of meeting their energy as well as telecommunications needs.

Dodo Power & Gas seeks a licence to retail gas in Victoria from the date when it has finalised its outsourcing arrangements and fulfilled all other regulatory and compliance obligations required for it to operate a gas retail business. It is not seeking any non-standard retail licence conditions.

Dodo Power & Gas and its associates do not hold, and have not held, any other retail licences in Victoria or other Australian jurisdictions and have not made any previous unsuccessful retail licence applications. Dodo Power & Gas is, however, applying for licences to retail electricity and gas in New South Wales, the Australian Capital Territory and South Australia concurrently with this application and will be applying for licences to retail electricity and gas in Queensland in due course.

SECTION 2 - THE COMMISSION'S OBJECTIVE

Dodo Power & Gas is of the view that the granting of a gas licence to it would be consistent with the objectives of the Commission under section 18 of the **Gas Industry Act 2001** and section 8 of the **Essential Services Commission Act 2001**. The reasons for this are set out below:

S2.1 SECTION 18 GAS INDUSTRY ACT 2001

- a) To promote a consistent regulatory approach between the gas industry and the electricity industry:

Dodo Power & Gas is seeking to enter and retail in key contestable energy markets in Australia and as such, will view itself as an active industry participant contributing to key energy industry stakeholder groups and committees supporting and fostering a consistent regulatory approach between the gas and electricity industries.

- b) To promote the development of full retail competition:

The entry of another gas retailer into the Victorian energy market will increase consumer choice and ability to substitute. The innovative multi-utility services that Dodo Power & Gas will offer will deliver greater competitive intensity and rivalry in the marketplace, promoting industry competition and hence, flow-on benefits to consumers.

S2.2 SECTION 8 ESSENTIAL SERVICES COMMISSION ACT 2001

- a) To protect the long-term interests of Victorian consumers with regard to the price, quality and reliability of essential services:

Pursuant to the PMIPSLA, Dodo Power & Gas will look to leverage, at every opportunity, the infrastructure and internal capabilities of its parent entity to derive cost and process efficiencies. With its multi-utility service bundling offer extending to Victorian consumers, this will deliver Dodo Power & Gas economies of scope in marketing and customer service related activity, thereby enabling it to pass through cost savings and associated benefits directly to the consumers. This will in turn drive competitors to deliver service innovations in the Victorian market, which will translate to consumer benefits in the form of price, service quality and service efficiency. The need to innovate to keep ahead may lead retailers to review opportunities with distribution businesses to promote service reliability and efficiency in areas of excluded services or network asset operations and development.

Dodo Power & Gas will ensure the long-term interests of Victorian gas consumers are protected by complying with all relevant Victorian regulatory and legislative instruments, including the Commission's Code Of Conduct For Marketing Retail Energy In Victoria, Guideline No. 10: Confidentiality And Informed Consent and Guideline No. 19: Energy Product Disclosure.

- b) To facilitate efficiency in regulated industries and the incentive for efficient long-term investment:

As stipulated above, Dodo Power & Gas's multi-utility business model will drive greater efficiencies across the energy and telecommunications industries. Such efficiencies and opportunities will provide a positive signal and strong incentive for long-term investment.

- c) To facilitate the financial viability of regulated industries:

Dodo Power & Gas's participation as a gas retailer within Victoria with a significantly differentiated offer to other pure energy retailers will facilitate the financial viability of the energy industry through affording consumers greater choices and value arising from service and product innovations.

In outsourcing some aspects of its business operations and utilising available external sources and capacity, Dodo Power & Gas will contribute to the growth and strengthening of the industry's financial viability.

- d) To ensure that the misuse of monopoly or non-transitory market power is prevented:

Dodo Power & Gas's participation in energy retail in Victoria will increase competitive dynamics and further ensure the reduction and dilution of market concentration, preventing market collusion activity and the opportunity for the abuse of market power by any retailer.

- e) To facilitate effective competition and promote competitive market conduct:

The ability to leverage existing Dodo Australia business infrastructure at low cost, and the unique multi-utility offer Dodo Power & Gas will extend to Victorian consumers will encourage gas and electricity retailers to innovate, to improve their offerings and compete effectively in the marketplace, thereby promoting competitive market conduct.

- f) To ensure that regulatory decision making has regard to the relevant health, safety, environmental and social legislation applying to the regulated industry:

Dodo Power & Gas will comply with all health, safety, environment and social legislation applying to the gas industry. It will leverage Dodo Australia's already strong culture of compliance for its telecommunications operations and will extend this to incorporate all relevant gas laws.

- g) To ensure that users and consumers (including low-income or vulnerable consumers) benefit from the gains from competition and efficiency:

Dodo Power & Gas, through its differentiated multi-utility bundling offer and leveraging of Dodo Australia's existing infrastructure, will enable it to achieve internal cost management objectives, thereby affording it the capacity to pass through cost savings and associated benefits to all Victorian consumers, including low-income or vulnerable consumers.

- h) To promote consistency in regulation between States and on a national basis.

Dodo Power & Gas is intending to participate in key contestable markets throughout Australia and will therefore be proactive in contributing to energy industry forums and working groups to drive and promote consistency in regulation between States and on a national basis.

SECTION 3 - FINANCIAL VIABILITY

Dodo Power & Gas is a going business concern with fully paid-up capital and is in a sound position to be able to meet and address the Commission's financial viability requirements. Dodo Power & Gas shareholders are committed to maintaining ongoing business capital adequacy in line with financial forecast and requirements.

Dodo Power & Gas's capital structure, provided on a commercial-in-confidence basis in Attachment 6, will satisfy its obligations to the Victorian Energy Networks Corporation (**VENCorp**) and distributor businesses for wholesale and network financial settlements. The attachment also includes Dodo Power & Gas's interim financial report and D&B credit & risk analysis report, and Dodo Australia's audited financial statements and D&B credit & risk analysis report.

In addition, Dodo Australia will provide the infrastructure and resource support for Dodo Power & Gas's operations through the PMIPSLA.

A copy of Dodo Power & Gas Business Plan is also provided in Attachment 6 detailing its sustainable business strategy and financials for the next five years. The Plan reflects a robust business model capable of covering and exceeding current establishment and future operating obligations.

SECTION 4 - TECHNICAL CAPACITY

The executive management team of Dodo Power & Gas has the relevant business experience and expertise to build and operate a viable gas retail business. Details in support of this are provided below.

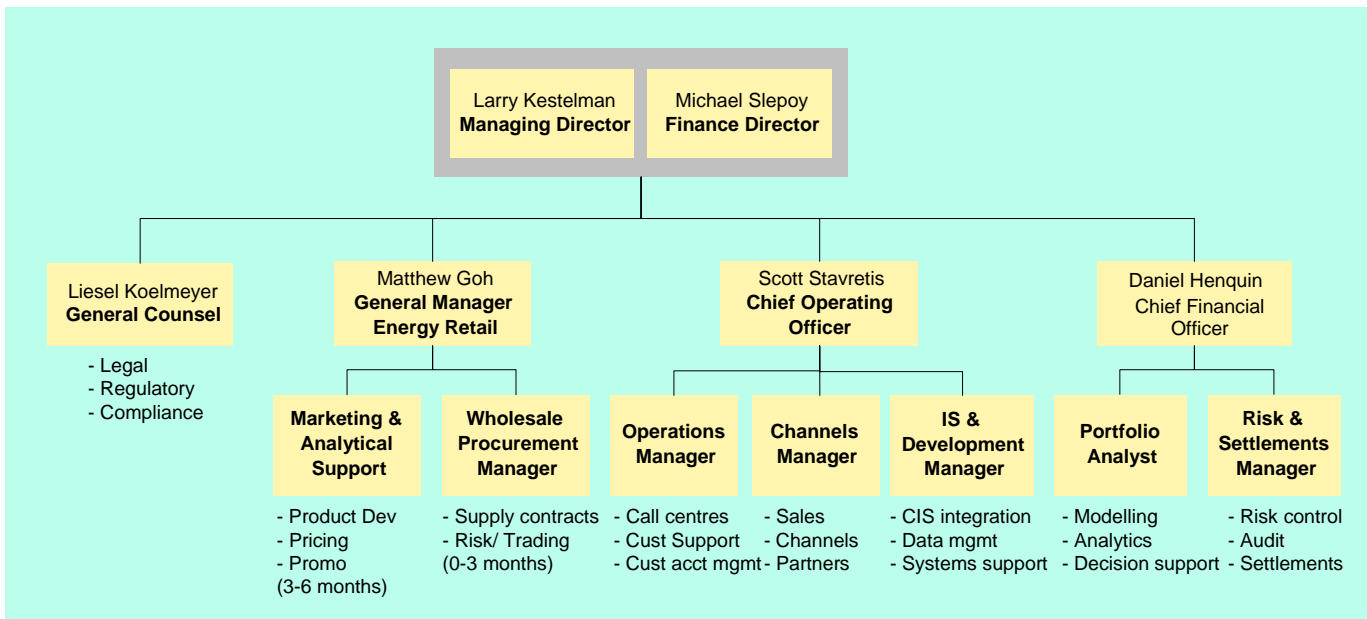
S4.1 ENERGY INDUSTRY EXPERIENCE AND KNOWLEDGE

The core team at Dodo Power & Gas comprises members with extensive experience in and knowledge of the energy and telecommunication industries, covering all aspects of the industry value chain from supply sourcing to sales and service support. This includes strategy development, wholesale procurement and analysis, risk management, profitability analysis and cashflow management, sales and marketing, legal and regulatory compliance and customer service and support covering transfer, account establishment/ management, service provision, billing and collection.

Dodo Power & Gas will rely on this core team to establish its energy retail business while leveraging other existing Dodo Australia staff and external service providers to run its retail operations. As its energy retail business grows, Dodo Power & Gas will recruit additional personnel with relevant industry expertise to build on its skills and experience.

The team structure and individual capability and experience are detailed below.

S4.2 DODO POWER & GAS EXECUTIVE MANAGEMENT TEAM



Larry Kestelman, Managing Director

Larry, along with Michael (see below), are the two principals who started Dodo Australia and build the business to become a highly successful private enterprise that it is today. Since inception in 2001, Dodo Australia has consistently rated as one of the fastest growing businesses in Australia with strong growth annually.

Larry started his career working for the mining sector overseeing project budgeting, planning, management accounting and costing for CRA Exploration. He then progressed to join a retail grocery chain in Victoria as Chief Accountant reviewing financial performance and business reporting as well as internal auditing, planning and control.

He is also experienced in business and financial advisory, having worked as a financial consultant for a public accounting practice which provided business and financial advisory services to business and personal clients. Larry (and Michael) saw the opportunity to establish a wholesale ISP business, KBS Internet Pty Ltd, to provide their clients on-line interface for efficient tax return lodgements. This was the prelude to establishing Dodo Australia.

Larry oversees Dodo's overall business operations, including performance and operational management, strategy, business development, wholesale and retail partnering, and sales and marketing.

Larry holds a Diploma of Business Accounting.

Michael Slepoy, Finance Director

Michael is a Certified Practising Accountant and a registered tax agent with over 20 years of business experience and expertise in this specific field.

He is skilled in business auditing and financial advisory services, having worked for public accounting practices such as Rucker Gordon MacKenzie and Saffer Baron as an auditor and Associate Partner servicing a wide range of business clients including public hospitals, municipalities and listed companies. He also operated his own public accounting practice servicing business and personal clients lodging over 2,000 tax returns annually.

As Finance Director in Dodo Australia, Michael is responsible for all financial and investment review, budgeting and tax planning.

Michael holds a Diploma of Pharmaceutical Science and a Diploma of Business Accounting, and is a Fellow Member of the National Institute of Accountants. He is also an avid executive board member of the Melbourne Tigers Basketball Club Inc.

Scott Stavretis, Chief Operating Officer

Scott has over 10 years experience in the telecommunications industry, including five years as owner-operator of an ISP and a multi-store retail computer business.

He has been with Dodo Australia for the past five years and has day-to-day commercial and operational oversight of Dodo Australia's overall operations. His responsibilities encompass all customer sales and support activity ranging from the direct management of Dodo Australia's customer service centres to customer service provision and systems development.

He has also been instrumental in developing and integrating the in-house telecommunications CRM system which provides capabilities for telecommunications customer management,

ordering, provisioning, billing and collection. He also presides over Dodo Australia's sales and marketing function, including telemarketing and field sales campaigning activity. He manages regulatory and legal compliance and is familiar with *Trade Practices Act 1974* (TPA) and telecommunications industry rules and codes, including complying with the requirements and obligations associated with the Telecommunications Industry Ombudsman, Consumer Affairs Victoria and the Australian Competition and Consumer Commission.

Scott also undertakes Dodo's general commercial and management accountabilities.

Matthew Goh, General Manager Energy Retail

Matthew has over 13 years of trans-Tasman energy sector experience in multi-disciplinary management and senior management roles across diverse organisations. His industry-specific skills and capabilities encompass generation and transmission construction and consulting provision, network load development, market modelling and valuation, retail risk management, retail strategy and analytics, process management and sales and marketing.

Matthew started with Electricorp Marketing and PowerDesignBuild, the then subsidiaries of Electricity Corporation of New Zealand, as state-owned enterprises there begun the market reform process of de-integration and privatisation. Here, his roles included marketing, sourcing, preparing and bidding for major energy infrastructure projects with the World Bank and the Asian Development Bank.

He was a key contributing member of a number of large merger-and-acquisition projects during his time with United Energy and Pulse Energy including due diligence team management, enterprise and wholesale valuation, and retail financial modelling.

Matthew also has extensive experience in the banking and insurance industry having worked for Colonial Mutual and ANZ in marketing, research, pricing and product development for life insurance and investment products, and electronic payment, collection and cash management services.

In recent times, he was with AGL reviewing retail outsourced services and risks, and overseeing the mass market channel management team of field, telemarketing and intermediation agents with a combined annualised acquisition and retention target of around half a million customers across current contestable markets. He has a sound working knowledge of TPA and the marketing code of conduct across different market jurisdictions, and energy retail and distribution codes.

Matthew holds a Master of Business Administration, a Diploma of Finance and a Bachelor of Commerce in Marketing.

Liesel Koelmeyer, General Counsel

Liesel has been actively involved in the energy industry since commencing work for the Office of the Regulator General (now the Commission) in 1998. She has worked for the regulator, as a consultant to both Government and industry on contestable and energy market reform issues, and more recently as a senior manager for EnergyAustralia and the EA-IPR Retail Partnership, where she was responsible for the legal, regulatory and compliance functions of those energy retail businesses.

In her work for EnergyAustralia, Liesel assisted in building EnergyAustralia's Victorian and South Australian electricity and gas retail businesses, growing its customer base from 0 customers in May 2003 (EnergyAustralia's Victorian energy market entry) to over 300,000 customer accounts

by May 2006. Liesel also assisted in the sale of 50% of EnergyAustralia's Victorian and South Australian energy businesses to International Power, and the formation and set up of the EA-IPR Retail Partnership as a retailer within the Victorian and South Australian energy markets. This entailed preparing retail licence applications, applying for NEMMCO registration, negotiating Use of System Agreements and an agreement with ETSA Utilities for use of the electricity distribution networks, and applying for Ombudsman scheme memberships (as well as preparing like gas market applications, including VENCORP registration, and negotiating gas Use of System Agreements).

Liesel's experience within the gas industry extends to energy market reform, competition and regulation, regulatory and legislative compliance (including Trade Practices compliance) and general commercial. Liesel has also applied this experience within the telecommunications industry by working as Legal Counsel for Telstra's consumer sales and marketing division and General Counsel for Dodo Australia. She holds an Arts/Law degree and a current certificate to practice law in Victoria.

Daniel Henquin, Financial Controller

Daniel started with Dodo Australia in 2003. As a member of the core executive management team, he is involved in the establishment and finetuning of internal processes to ensure regulatory and legislative compliance for all Internet and telephony products launched by the company.

He is responsible for Dodo's day-to-day financial functions covering budgeting and planning, performance control, cash flow, reporting, accounts receivable and payable, business and financial analysis, risk control and mitigation, and logistics.

Daniel is highly experienced in telecommunications wholesale and distribution settlement processes and procedures, specifically in reconciling and settling complex supply invoices covering individual service, usage and ancillary charges which necessitate the matching of large amounts of data and transactions for both billing and payments.

Daniel's financial experience spans transnational roles in financial management and analysis for international organisations such as Budweiser, Unilever, Tubos Argentinos and Sertrafo SA.

Daniel holds a Master of Business Administration and is currently completing a Master of Accounting.

S4.3 COMPLIANCE WITH LICENCE CONDITIONS, CODES AND GUIDELINES

Dodo Power & Gas is fully committed to licence and regulatory compliance and has already commenced establishing a compliance framework for the business. With the core team's experience of operating in a heavily regulated utility environment, Dodo Power & Gas is confident in its capacity to comply with the licence conditions, codes and guidelines relevant to its application including:

- the *Gas Industry Act 2001* (Vic) and associated regulations;
- the *Gas Safety Act 1997* (Vic) and associated regulations;
- the Energy Retail Code;
- the Code of Conduct for Marketing Retail Energy in Victoria;

- the Gas Distribution System Code;
- the National Third Party Access Code for Natural Gas Pipeline Systems;
- the TPA;
- the *Fair Trading Act 1999* (Vic); and
- the *Privacy Act 1988* (Cth).

A copy of Dodo Power & Gas draft compliance framework for Victoria is included on a commercial-in-confidence basis in Attachment 7.

S4.4 COMPLIANCE WITH REGULATORY REQUIREMENTS

VENCorp Registration

In conjunction with this application, Dodo Power & Gas is currently finalising all documentation required for being a Market Customer with VENCorp and has made the necessary arrangements and conducted detailed discussions with VENCorp representatives on these requirements. A copy of some of these communications is in Attachment 8.

Dodo Power & Gas is familiar and attentive to the rules and conditions governing market participation including Use of System Agreements, gas balancing and nominations.

As soon as Dodo Power & Gas's gas licence application is approved by the Commission, it will look to formalise and meet all requirements and obligations under the VENCorp operating arrangements.

Gas Safety Case

Dodo Power & Gas is aware of its obligations under the *Gas Safety Act 1997* to complete and submit a Gas Safety Case to Energy Safe Victoria, for acceptance, prior to the commencement of trading, and undertakes to the Commission not to supply or sell, or offer to supply or sell, gas in Victoria until it has an accepted Gas Safety Case.

Distribution Use of System Agreements

Dodo Power & Gas has commenced detailed discussions with the three gas distribution businesses with regard to the entering into of Use of System Agreements. A copy of email communications with each gas distributor is included in Attachment 10. Dodo Power & Gas has also had more in depth discussions with one distributor of electricity and gas, which has provided its in-principle support for Dodo Power & Gas's business proposal and its ability to meet credit support requirements.

Dodo Power & Gas is in receipt of default Use of System agreements and will finalise the appropriate commercial arrangement with each of the three gas distribution companies upon its gas retail licence being granted by the Commission.

Energy and Water Ombudsman (Victoria) Scheme Membership

So that consumers have access to an external dispute resolution scheme that will assist them to resolve disputes about Dodo Power & Gas's services, billing and charging, Dodo Power & Gas has commenced discussions with the Energy & Water Ombudsman Victoria (**EWOV**) with a view to obtaining membership of the scheme as soon as its gas licence is granted. A copy of email communications with the EWOV is in Attachment 11.

Community Services Agreements

Dodo Power & Gas has commenced discussions with the Department of Human Services with a view to entering into Community Services Agreements for the provision of concessions to eligible customers. A copy of email communications with the DHS is in Attachment 12.

Dodo Power & Gas understands the various concession schemes and arrangements administered by the Department of Human Services and will be in full compliance with the Victorian Government's vision of protecting and caring for the community's health and well-being.

Provision of Information to a Distributor

Dodo Power & Gas will provide all necessary information to distributors in accordance with the Gas Distribution Code. Until Dodo Power & Gas retails to consumers of more than 5,000GJ per year, the level of planning information it will provide to distributors will be limited. However, fault information will be provided.

Meter Reading

Until Dodo Power & Gas retails to consumers of more than 5,000GJ per year, meter data agents will be engaged by the distribution businesses. Dodo Power & Gas will, however, ensure that each customer's meter is read at least once every 12 months.

Provision of Information to Customers

Through previous experience within the telecommunications industry, which is detailed on a commercial-in-confidence basis in Attachment 13, and energy industry experience, the executive management team has developed a sound appreciation of the importance of providing correct and accurate information to customers.

Dodo Power & Gas will ensure the provision of information to all prospective and existing customers is in line with the Energy Retail Code and other relevant legislative and regulatory instruments, including the TPA, *Fair Trading Act 1999 (Vic)*, and the Commission's Code Of Conduct For Marketing Retail Energy In Victoria, Guideline No. 10: Confidentiality and Informed Consent and Guideline No. 19: Energy Product Disclosure. Dodo Power & Gas will take particular care to ensure that customers are fully informed when conducting any sales and marketing activities.

The importance of providing correct and accurate information that a customer understands will be emphasised in the training and testing that sales and marketing representatives of Dodo Power & Gas will undergo. A copy of some of this training is contained in draft form on a commercial-in-confidence basis in Attachment 14. Pursuant to the PMIPSLA, this training and testing will be conducted by experienced Dodo Australia in-house trainers at the Dodo Australia contact centre. All new sales and marketing representatives will undergo this training in depth before commencing sales and marketing activities for Dodo Power & Gas, with refresher group training conducted at regular intervals and more frequent individual training conducted as required.

Privacy and Confidentiality Management

The Dodo Power & Gas executive management team has demonstrated ability in maintaining confidentiality of customer data and complying with the privacy laws that apply to the energy and telecommunications industries. No customer data that Dodo Power & Gas holds will be made available to third parties other than in accordance with the privacy laws or with the explicit informed consent of a customer. Dodo Power & Gas privacy commitment to customers is included in Schedule 2 of its contract conditions (see Attachment 15 below).

Customer Information Management System

Dodo Power & Gas's customer information management system will handle data and communication required for reporting to the Commission and licensed gas distributors. As a minimum, the system includes, or will include, the following information: customer contact details (including name, supply address, billing address and phone number); price and payment terms of contracts; a 12 month payment history for each customer; a record of complaints; consumption history; billing history, previous suppliers; records of each customer phone call; and records of requests for no marketing information.

Management and Compliance Systems

Dodo Power & Gas is committed to risk management, corporate governance and compliance. The Risk Control Policy of Dodo Power & Gas is included on a commercial-in-confidence basis in Attachment 8. Dodo Power & Gas intends to utilise the attached compliance framework to design, develop, implement and maintain a compliance program for the business that accords with Australian Standard 3806, as well as design and implement a corporate governance strategy consistent with Australian Standard AS-8000. This will enable Dodo Power & Gas to participate in compliance testing, reviews and audits required by the Commission.

S4.5 CAPACITY TO OPERATE A BUSINESS

Managing Supplier Contracts

All service and system providers, where appropriate, will be subjected to stringent service level performance agreements with compliance monitoring and benchmarking incorporated into these agreements.

Dodo Power & Gas will undertake to not supply or sell, or offer to supply or sell, gas in Victoria until Dodo Power & Gas is itself satisfied with the conformity, compliance and robustness of all systems, policies, procedures and processes of functional areas that are outsourced.

Managing Customer Contracts

The executive management team of Dodo Power & Gas has considerable experience in retailing energy and telecommunications services to consumers in Victoria and other Australian jurisdictions and are aware of their legislative and regulatory obligations in managing customer contracts, including their obligations under State fair trading laws and Commonwealth trade practices legislation.

Dodo Power & Gas also has a working knowledge of the specific legislation and regulations that affect gas customer contracts, including the Energy Retail Code (Code), and is therefore aware of Code obligations and intends to make all consumer offers in line with the Code. The customer contract conditions and charter of Dodo Power & Gas accordingly reflect the minimum requirements of the Code and other relevant regulations, as well as the fair trading and trade

practices laws. These documents are contained in draft form on a commercial-in-confidence basis in Attachments 15 and 16 respectively. Once its gas retail licence is granted, Dodo Power & Gas will finalise and publish these documents on its website together with other relevant consumer information required to be published by the energy regulations.

Should Dodo Power & Gas make consumer offers that differ from standards established under the Code, it will provide clear statements of the differences to consumers.

While Dodo Power & Gas does not initially intend to make offers to consumers that use more than 5,000GJ per year, if it does it will ensure that such offers clearly set out the rights of Dodo Power & Gas as well as the consumer and comply with the requirements of all fair trading and trade practices legislation.

Customer Account Establishment and Management

Through a combination of internal infrastructure and processes, integrated with specific outsourced service and system requirements, Dodo Power & Gas will be able to conduct all required functions associated with customer account establishment and management in a compliant manner. These functions will encapsulate verification, transfer, credit checking, energisation/ de-energisation protocols and processes, service order management and interface with distribution businesses, data capture and storage of customer/contract/transactional details, and be reviewable and auditable.

All Dodo Power & Gas customer information systems and processes will meet and comply with the requirements of the *Privacy Act 1988 (Cth)* and the National Information Privacy Principles.

Customer Service Provision

Through the PMIPSLA, Dodo Power & Gas will utilise Dodo Australia's existing customer service centres to handle telephone calls from customers and potential customers regarding, for example, account enquiries, change of account details, requests for supply, account payment, request for billing date change, report of payment difficulties, loss of supply advice, complaints, account termination (final reads) and reconnection requests. Dodo Australia's customer service centres will also be used for out-bound calling of customers for overdue bill payment requests, handling customer correspondence by letter, fax or email, collecting information for review and performance measurement purposes, and handling complaints and resolving disputes, including enquiries or complaints referred by EWOV once Dodo Power & Gas becomes a member.

Dodo Australia currently has approximately 500 staff in its customer service centres. As its energy retail business grows, Dodo Power & Gas will increase the resources in the Dodo Australia customer service centres with its own energy specific customer service personnel.

With the combined resources of Dodo Australia and its own resources, Dodo Power & Gas is well-positioned to provide a consistent and high level of service to its customers and meet the customer service requirements and performance standards specified in the relevant regulatory instruments.

Billing and Collection

Dodo Power & Gas will leverage existing service arrangements under Dodo Australia for bill and reminder notices printing and mailing.

Billing and collection services to be provided by Dodo Power & Gas will have the capability to perform cyclical bill generation from meter readings or estimations, bill printing and delivery to

customers, payment transaction processing, management of late payments and customers encountering payment difficulties, reconnection of supply in accordance with regulatory obligations and recovery of debts.

Appropriate Management Systems

Dodo Power & Gas will align with outsource providers' systems and processes to ensure robust and compliant maintenance of general ledger, accounts payable and accounts receivable that are structurally and accurately integrated with its billing and settlement systems including data capture and management.