



**GLOBIRD ENERGY PTY LTD**  
**VICTORIA LICENCE TO SELL ELECTRICITY APPLICATION**

**1. Introduction**

GloBird Energy Pty Ltd (**GloBird Energy**) is a new, privately-owned Australian proprietary company intending to build an electricity retail business initially in Victoria and ultimately nationwide. GloBird Energy does not currently operate in the electricity retail industry but its management team has the knowledge, skills and experience required to do so successfully.

**2. Details of the applicant and application**

**2.1 Applicant details**

Name:	GloBird Energy Pty Ltd
ABN:	68 600 285 827
Registered Address:	Collins & Co 127 Paisley Street Footscray VIC 3011
Principal place of business:	59 Hillcroft Drive Templestowe VIC 3106
Contact Person:	
Name:	John McCluskey
Title:	Executive Manager Sales & Marketing GloBird Energy Pty Ltd
Telephone:	0434 289 255
Email:	John.McCluskey@GloBirdEnergy.com.au
Company details:	
Registration:	Victoria, 23 June 2014
Certificate of registration:	<b>Attachment 1</b>
Constitution	<b>Attachment 2</b>
Corporate structure:	<b>Confidential Attachment 3</b>

**2.2 Application details**

Date:	12 December 2014
Licence sought:	A licence to sell electricity in Victoria
Licence conditions:	GloBird Energy does not require any non-standard licence conditions
Timing:	GloBird Energy wants to commence selling electricity in February 2015

### 3. The Commission's Objectives

#### 3.1 General

Granting GloBird Energy a licence to sell electricity would be consistent with the objectives of the Essential Services Commission (**Commission**) set out in section 10 of the *Electricity Industry Act 2000* (Vic) (**Electricity Industry Act**) and section 8 of the *Essential Services Commission Act 2001* (Vic), because to do so would:

- (a) promote competition in Victoria's electricity retail sector;
- (b) be consistent with past regulatory practice in relation to the issue of Victorian licences to sell electricity;
- (c) help maintain an efficient Victorian electricity retail market;
- (d) promote the interests of Victorian electricity consumers, having regard to the price, quality and reliability of electricity supply; and
- (e) enhance the financial viability of the Victorian electricity supply industry.

#### 3.2 Promoting electricity retail competition in Victoria

GloBird Energy is an independently owned electricity retail business, established to compete with existing players in the electricity retail market. Granting GloBird Energy a licence to sell electricity will ensure additional competition and more choice for consumers. To be competitive in the market, GloBird Energy will provide consumers with excellent value and customer service, and offer a competitive alternative to the offerings currently available in the market.

#### 3.3 Promoting the long term interests of Victorian electricity consumers

GloBird Energy's directors and management team have experience in providing value-for-money products and services in electricity retail and other utility sectors and a track record of high quality customer service – see curricula vitae included in **Confidential Attachment 4**. By using more back end automation, and running an efficient business model, GloBird Energy will be able to offer customers genuine savings, across a choice of flexible, competitive products. Granting GloBird Energy a licence to sell electricity will therefore give Victorian electricity customers more scope to shop around for a better deal and thereby contribute to achievement of the Commission's objective of promoting electricity retail competition, in the best interests of consumers.

#### 3.4 Ensuring benefits for low income and vulnerable consumers

GloBird Energy understands that electricity is an essential service and that its customers may come from a broad spectrum of backgrounds. GloBird Energy's philosophy is to provide competitive prices and value for money, and to be flexible and fair in dealings with customers.

Electricity pricing will incorporate a discount model, e.g., discounts may be made available for customers who refer new customers to GloBird Energy, pay on time, pay via direct debit or accept electronic rather than paper bills. This model will enable customers to optimise the price they pay for electricity.

### 4. Financial Viability

#### 4.1 Statement of financial viability

GloBird Energy assures the Commission that, with the financial resources and other arrangements described in this section 4:

- (a) GloBird Energy will be a financially viable Victorian electricity retail business with sufficient financial resources dedicated to ensure that GloBird Energy will comply with the obligations it has as the holder of a licence to sell electricity; and
- (b) GloBird Energy will be solvent.

#### **4.2 Current financial position**

See **Confidential Attachment 5**.

At this time GloBird Energy is not aware of any likely changes in its structure, operation or financing that could materially affect its financial viability – see also **Confidential Attachment 6**.

#### **4.3 Business Plan**

GloBird Energy's Business Plan, included in **Confidential Attachment 7**, includes information about GloBird Energy's sales and marketing strategy, revenue, costs, growth forecasts and estimated funding requirements. A financial model has been developed based on the Business Plan and is included in **Confidential Attachment 8**. External economic assessments of the Business Plan and the financial model undertaken by leading industry specialists are included in **Confidential Attachment 9**.

#### **4.4 Agreements with investors**

GloBird Energy is finalising agreements with investors to fund GloBird Energy's financial requirements. Negotiations are well advanced. A heads of agreements has already been entered into and is included in **Confidential Attachment 10**. The heads of agreement sets out the key commercial terms of the agreements the investors will enter into.

#### **4.5 Credit support obligations**

Using the forecasts and projections outlined in the Business Plan and financial model, GloBird Energy has calculated the ongoing financial support it will require to meet the following credit support obligations:

- (a) the obligations GloBird Energy will have under the National Electricity Rules (**Rules**) to provide credit support to Australian Energy Market Operator Limited (**AEMO**) in respect of electricity purchased from the National Electricity Market (**NEM**) for on-sale to its customers;
- (b) the credit support obligations GloBird Energy will have under use of system agreements entered into with electricity distributors; and
- (c) the margin-related obligations GloBird Energy will owe in connection with Australian Securities Exchange (**ASX**) futures contracts.

These calculations are included in the financial model. Using funds provided by its investors, GloBird Energy will have financial resources sufficient to meet credit support obligations owed to AEMO, distributors and providers of ASX futures contracts and wholesale hedge contracts.

#### **4.6 Wholesale Energy Risk Management Policy and Trading Plan**

GloBird Energy has a Wholesale Energy Risk Management Policy and a Wholesale Energy Trading Plan, included in **Confidential Attachment 11** and **Confidential Attachment 12**.

GloBird Energy will utilise the frameworks under these documents to manage risks in trading in the NEM and associated financial markets, utilising a low risk approach to wholesale electricity procurement and hedging.

#### **4.7 Energy Risk Management Committee**

The Wholesale Energy Risk Management Policy provides for the establishment of an Energy Risk Management Committee (**ERMC**), which will report to the board and be responsible for the Policy and its implementation. The ERMC will consist of board and management team representatives who have experience in wholesale electricity trading and risk management, and one or more external business risk management experts.

An external expert has been engaged by GloBird Energy for this purpose. A copy of the engagement letter is included in **Confidential Attachment 13**, and the expert's qualifications and experience are set out in **Confidential Attachment 14**.

#### **4.8 Credit rating**

GloBird Energy has obtained a Dun and Bradstreet Dynamic Risk Score – see **Confidential Attachment 15**.

### **5. Technical Capacity**

#### **5.1 Management team**

The members of GloBird Energy's management team combine:

- (a) relevant experience in electricity retailing;
- (b) complementary experience in other utility retail industries and wholesale trading and risk management;
- (c) strong backgrounds in businesses focused on customer service; and
- (d) information technology expertise, include building and running large scale e-commerce website and systems.

As mentioned above, GloBird Energy has also engaged an external expert specialising in energy wholesale markets and energy retail operations including compliance, wholesale trading and risk management to be a member of the ERMC and advise on relevant matters.

Team members also have experience working within strict compliance frameworks in the telecommunication, finance, accounting and broking industries, giving them the skills and experience required to operate an electricity retail business in compliance with the applicable laws, regulations, codes and guidelines.

#### **5.2 Advisory Committee**

GloBird Energy has put in place an Advisory Committee, comprising external members drawn from senior positions in the business community as well as internal members from the GloBird Energy board and management team, to provide strategic business and commercial guidance. The Advisory Committee is expected to meet with the board on a monthly basis during the early phases of the business, and bi-monthly to quarterly once the business becomes more established.

#### **5.3 Organisational structure**

An organisational structure diagram showing GloBird Energy's board, management, key personnel, Advisory Committee and ERMC is included in **Attachment 16**.

## 5.4 Approvals and authorisations

### 5.4.1 AEMO Registration

GloBird Energy has commenced the application process with AEMO to become registered as a market participant in the NEM. The application cannot be approved until the granting of a licence to sell electricity. Correspondence with AEMO in relation to the application is included in **Confidential Attachment 17**.

### 5.4.2 ASX Austraclear participation

GloBird Energy has commenced the application process with the ASX to become a participant in Austraclear, for the purpose of settling electricity transactions in the NEM. The application cannot be approved until the granting of a licence to sell electricity. Correspondence with ASX in relation to the application is included in **Confidential Attachment 18**.

### 5.4.3 Australian financial services licence

GloBird Energy will manage its wholesale market exposure initially through ASX futures contracts. As such it does not at this stage require an Australian financial services licence (**AFSL**).

### 5.4.4 Energy and Water Ombudsman Victoria (**EWOV**)

GloBird Energy has initiated discussions with the EWOV in relation to becoming a member of its customer dispute resolution scheme and expects that this membership will be granted on the granting of a licence to sell electricity. GloBird Energy understands the requirements of the scheme. Correspondence with EWOV is included in **Confidential Attachment 19**.

## 5.5 Suppliers

### 5.5.1 AEMO

As already mentioned, on the granting of a licence to sell electricity GloBird Energy will finalise the application to AEMO to be registered as a market participant in the NEM. This registration will allow GloBird Energy to purchase wholesale electricity from the NEM, through AEMO, for on-sale to customers.

### 5.5.2 ASX futures

GloBird Energy has commenced discussions with ASX brokers and clearing providers.

### 5.5.3 Distributors and meter service providers

GloBird Energy is in dialogue with each of the Victorian electricity distributors who are currently also responsible for engaging metering service providers – see **Confidential Attachment 20**. GloBird Energy will accept the distributors' standard use of system agreements.

#### 5.5.4 Orion CRM for account establishment and management

GloBird Energy has entered into a Master Services Agreement with Agility CIS Ltd (**Agility**) incorporating a licence for GloBird Energy to use the “Orion CRM” programme, an off-the-shelf customer relationship management solution, and the provision to GloBird Energy of related implementation and support services. This will enable GloBird Energy to implement the retail functions necessary to establish and manage customer accounts internally. Orion CRM is widely used in the electricity retail industry. GloBird Energy’s management team and staff have extensive experience with customer accounting software, including direct experience using Orion CRM. The Master Services Agreement also includes a significant budget for assistance and support from Agility in using Orion CRM to meet GloBird Energy’s customer accounting requirements. GloBird Energy is therefore well equipped to use Orion CRM for its customer accounts.

A copy of the Master Services Agreement is included in **Confidential Attachment 21**.

#### 5.5.5 Call centre telephone system

Subject to the granting of a licence to sell electricity, GloBird Energy will enter into an agreement with an external vendor for the supply of an industry standard and widely used telephone system with which the company will establish an in-house call centre – see **Confidential Attachment 22**.

#### 5.5.6 External service providers

As already mentioned, GloBird Energy has engaged an external expert specialising in energy wholesale markets and energy retail operations including compliance, wholesale trading and risk management to be a member of the ERM and advise on relevant matters.

GloBird Energy has engaged Melbourne law firm Norton Gledhill to advise it in relation to compliance with electricity retail regulatory requirements and contractual matters.

GloBird Energy will engage one or more external energy comparator or broking service providers to acquire customers.

### 5.6 Customers

#### 5.6.1 Contract terms and conditions

For the purposes of section 35 of the Electricity Industry Act, GloBird Energy will use the model offer terms and conditions for standard retail contracts set out in Schedule 1 of the Energy Retail Code as the basis for its standing offer.

GloBird Energy’s legal advisers have prepared GloBird Energy’s market retail contract terms and conditions, which are included in **Confidential Attachment 23**, so as to comply with the applicable regulatory requirements. Copies of the terms and conditions will be provided to each new customer and they will be available for free download from the GloBird Energy website.

5.6.2 Account establishment and management

GloBird Energy will use Orion CRM to implement the retail functions necessary to establish and manage customer accounts internally.

5.6.3 Customer service and call centre

As already mentioned, GloBird Energy will establish and manage an in-house call centre for taking customer phone calls and providing customer service using GloBird Energy's own trained staff. The telephone system will have the necessary features and functions for customer service, legal and compliance needs.

5.6.4 Customer information and consent

GloBird Energy understands its obligations under the *Privacy Act 1988* (Cth) (**Privacy Act**) in relation to customers' personal information and sensitive information and under the Energy Retail Code in relation to obtaining customer explicit informed consent where required. GloBird Energy has developed a Privacy Policy designed to comply with these laws and regulations, a copy of which is included in **Confidential Attachment 24**. Following the granting of a licence to sell electricity, the Privacy Policy will be available for free download on the GloBird Energy website and reference to the Privacy Policy is made in the market retail contract terms and conditions and other relevant documents.

5.6.5 Billing

GloBird Energy understands its obligations regarding billing, including under the Energy Retail Code. The standard billing cycle will be monthly but bills will be provided at least every three months. Bills will include the information required under clause 25 of the Energy Retail Code.

5.6.6 Hardship

GloBird Energy has developed a Hardship Policy which is included in **Confidential Attachment 25**. The Hardship Policy is designed to be flexible and to offer a range of hardship programs for hardship customers, in accordance with the requirements of the Electricity Industry Act and the Energy Retail Code.

5.6.7 Complaints and dispute resolution

GloBird Energy has developed a Complaints and Dispute Resolution Policy for the handling of any customer complaints, a copy of which is included in **Confidential Attachment 26**.

Customer satisfaction will be given a high priority and GloBird Energy will do all it can to resolve any issue a customer may have in a timely fashion, always with a view to ensuring a positive outcome for the customer. Information relating to customer complaints will be recorded in the customer management system so that they can be tracked and reported. GloBird Energy's management team has a track record of providing excellent customer service and will take all necessary steps to maintain ongoing customer satisfaction.

5.6.8 Department of Human Services

GloBird Energy has commenced discussions with the Victorian Department of Human Services to help the company structure discount rates for concession holders and ease the financial burden for low income customers – see **Confidential Attachment 27**.

5.6.9 EWOV

If there are cases where GloBird Energy cannot agree a satisfactory outcome to a registered complaint with a customer, GloBird Energy will inform the customer of the customer's right to refer the complaint to the EWOV. GloBird Energy's market retail contract terms and conditions, Complaints and Dispute Resolution Policy, Hardship Policy and Privacy Policy all refer to these rights and set out the EWOV's contact details.

**5.7 Internal controls, policies and procedures**

5.7.1 Recruitment

GloBird Energy has a non-discriminatory recruitment policy. Staff will be hired based on their experience and ability to provide excellent service to electricity customers. New staff members must complete a three month probationary period before being offered full time employment.

5.7.2 Training

All staff that have contact with GloBird Energy's customers undergo a compulsory in-house training program covering the following topics:

- Standing offer terms
- Price and product information statements
- Marketing material
- Telemarketing
- Hardship
- Privacy
- Complaints and dispute resolution
- Reminders, cancellation and disconnection

The training program will be updated on a regular basis to reflect any changes in applicable regulatory requirements or advances in industry best practice.

5.7.3 Compliance

GloBird Energy has obtained external legal advice in relation to its compliance obligations as an electricity retailer and has a Retail Compliance Policy and a comprehensive Register of Compliance Obligations covering the obligations GloBird Energy will need to comply with under Victorian electricity laws, regulations and codes – see **Confidential Attachment 28** and **Confidential Attachment 29**. The Register of Compliance Obligations nominates a member of the compliance team (see section 5.7.4) to be responsible for the development of measures to ensure GloBird Energy complies with these obligations at all times. Each compliance measure will be supported by appropriate operational procedures and policies.



**5.7.4 Compliance officer and team**

GloBird Energy's management team has a long history of operating customer-focused businesses in highly regulated sectors, in which a correspondingly high level of compliance awareness and management is necessary. GloBird Energy's chief financial officer will act as compliance officer, responsible for ensuring all activities conform with applicable laws, regulations, codes, and guidelines. The compliance officer will also be responsible for preparing and submitting compliance reports to the Commission as required, and will work with the company's external legal advisors to ensure full compliance with all relevant obligations on an ongoing basis.

**5.7.5 Risk management**

See section 4.6.

**5.7.6 Privacy**

See section 5.6.4.

**5.7.7 Document retention**

GloBird Energy will use Orion CRM to establish and manage customer accounts and to manage and store documents. All customer documentation will be securely stored for a period of at least seven years.

**5.7.8 GloBird Energy website**

GloBird Energy is currently developing a user-friendly website where customers can easily access a wide range of information including information required to be made available online under applicable laws and regulatory instruments, such as pricing and product information and contract terms and conditions.

The website will have a "My account" facility through which existing customers can check their current and previous bills and usage history, pay bills, edit their contact and personal details, re-set passwords and perform similar such functions.

**5.8 Suitability****5.8.1 Capacity to operate an electricity retail business**

As already mentioned, GloBird Energy's management team has experience in energy wholesale and retail businesses, as well as complementary experience in similar industries and retail businesses, and will be supported by key industry specialists. GloBird Energy has developed a suite of operating policies and procedures to underpin its business activities. These resources give GloBird Energy the capacity to operate a compliant electricity retail business.

**5.8.2 Capacity to comply with electricity retail regulatory requirements**

See sections 5.7.3 and 5.7.4.

5.8.3 Capacity to manage risks

See section 4.6. With the expertise within GloBird Energy's management team and ERM, including the key industry specialists it has engaged, and with its Wholesale Energy Risk Management Policy and Wholesale Energy Trading Plan, GloBird Energy has the capacity to manage the risks it will face in operating an electricity retail business.

5.8.4 Previous applications and other licences

GloBird Energy, its directors and associated entities have not previously applied for a licence to sell electricity in Victoria or any other jurisdiction and therefore hold no other licences.

5.8.5 Outstanding proceedings

GloBird Energy, its directors and associated entities have no outstanding legal proceedings or regulatory complaints.

5.8.6 Standing of directors and management team

None of GloBird Energy's directors or management team have been disqualified or suspended from managing companies or declared bankrupt.

**5.9 Statutory declaration**

A statutory declaration in relation to the accuracy and completeness of all information provided in this application is included in **Attachment 30**.

## Attachments

No.	Title	Commercial in confidence
1	Certificate of registration	No
2	Constitution	No
3	Corporate structure	Yes
4	Directors' and managers' curricula vitae	Yes
5	Current financial position	Yes
6	Statutory declaration: structure, operation or financing changes	Yes
7	Business plan	Yes
8	Financial model	Yes
9	External assessments of business plan and financial model	Yes
10	Investors' heads of agreement	Yes
11	Wholesale Energy Risk Management Policy	Yes
12	Wholesale Energy Trading Plan	Yes
13	External expert engagement letter	Yes
14	Qualifications and expertise of external expert	Yes
15	Dun and Bradstreet Dynamic Risk Score Report	Yes
16	Organisational structure diagram	No
17	Correspondence with AEMO	Yes
18	Correspondence with ASX	Yes
19	Correspondence with EWOV	Yes
20	Correspondence with electricity distributors	Yes
21	Master Services Agreement with Agility CIS	Yes
22	Telephone system	Yes
23	Market retail contract terms and conditions	Yes
24	Privacy Policy	Yes
25	Hardship Policy	Yes
26	Complaints and Dispute Resolution Policy	Yes
27	Correspondence with Department of Human Services	Yes
28	Retail Compliance Policy	Yes
29	Register of Compliance Obligations	Yes
30	Statutory declaration: accuracy and completeness of information	No