



Enel Green Power Australia Pty Ltd
Level 23.07, One International Towers
100 Barangaroo Avenue
Sydney NSW 2000

Electricity Wholesale Licence Application

5 August 2019

**Enel Energy Australia Pty Ltd
(as wholesaler for the Cohuna Solar Farm)**

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Section 1 – General Information

1. Name of the Applicant

Enel Energy Australia Pty Ltd (the “Applicant”)

2. Business Names

The Applicant has no business names that are different to its legal name.

3. ABN and ACN details

ABN 95 632 774 255

ACN 632 774 255

4. Business address

Suite 23.07
100 Barangaroo Avenue
BARANGAROO
New South Wales 2000

5. Postal address

Suite 23.07
100 Barangaroo Avenue
BARANGAROO
New South Wales 2000

6. Contact person on behalf of the Applicant

Full Name: Tyson Vaughan
Title: Regulatory and Institutional Affairs Manager, Enel Green Power Australia
Business Address: 23.07, 100 Barangaroo Avenue, New South Wales 2000
Telephone:
E-mail:

Full Name: Diego Cannada Bartoli
Title: Business Development Manager, Enel Green Power Australia
Business Address: 23.07, 100 Barangaroo Avenue, New South Wales 2000
Telephone:
E-mail:

7. Incorporation details – Applicant

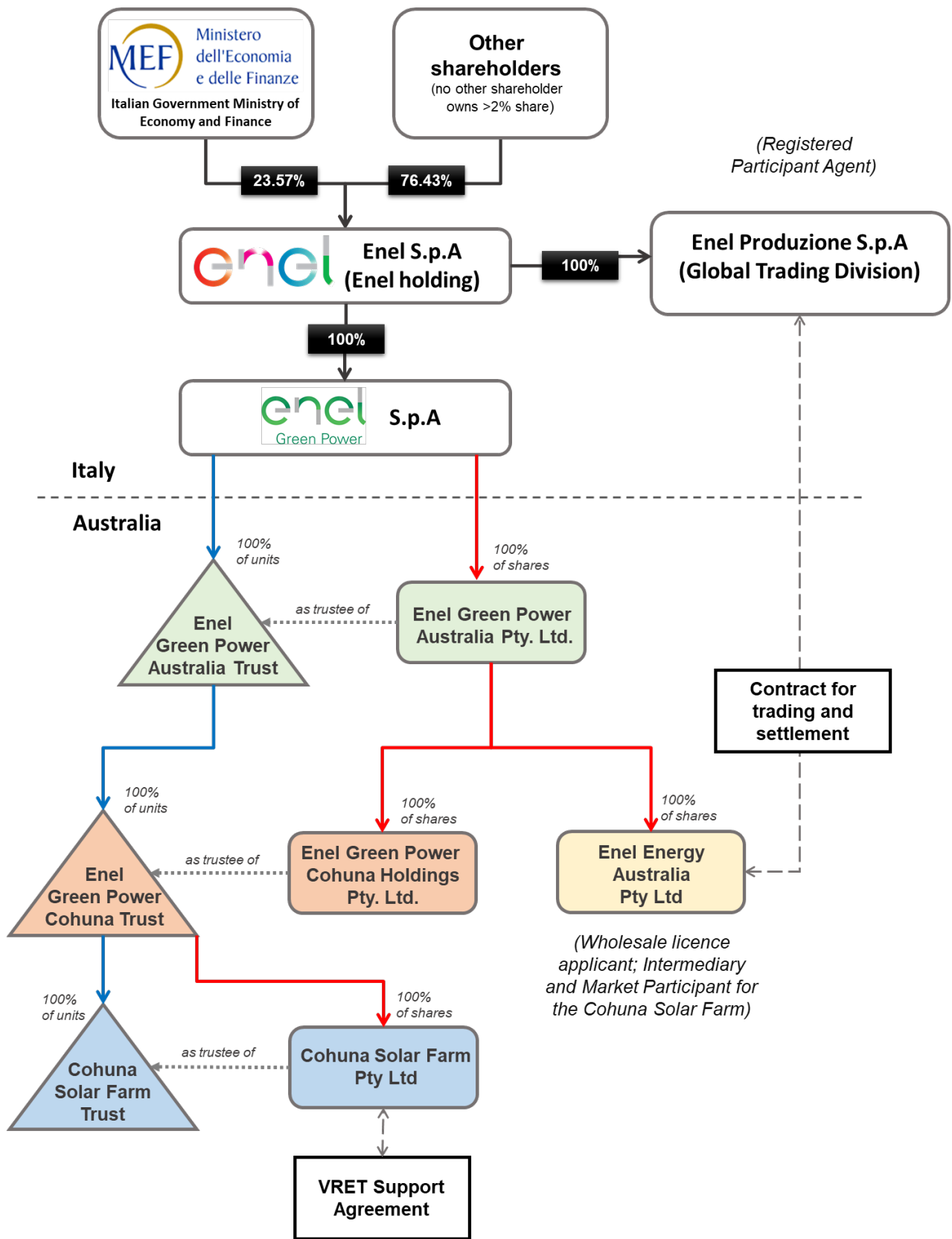
Please see attached:

- Certificate of Registration for Enel Energy Australia Pty Ltd. (**Attachment 1**)
- Constitution of Enel Energy Australia Pty Ltd. (**Attachment 2**)

8. Shareholders

The Applicant's shareholder is Enel Green Power Australia Pty Ltd whose address is the same as the Applicants address.

9. Organogram – Applicant’s relationship with parent companies



10. Italian Corporate Structure

Enel S.p.A.

Enel S.p.A. is an Italian utility and multinational electricity and gas company and the parent company of **Enel Green Power S.p.A.**, its multinational renewable energy subsidiary. Enel S.p.A. is one of Europe's largest utility companies and it is a publicly listed company on the Italian stock exchange.

Enel S.p.A.'s largest shareholder is the Italian Government (specifically the Ministry of Economy and Finance), which owns approximately 23.6% of its shares. Its remaining shares are owned by multiple institutional and retail investors with less than a 2% share each.

In this application, Enel S.p.A and its subsidiaries not otherwise mentioned will be referred to as the "**Enel Group**".

Enel Produzione S.p.A

Enel Produzione is a wholly-owned subsidiary of Enel S.p.A. It operates over 700 power plants across Italy, Africa, India and Asia from its Dispatching and Operation Centre in Rome.

Its Global Trading Division will provide trading and settlement services on behalf of the Applicant.

11. Australian Corporate Structure

EGP Australia

Enel Green Power Australia Pty Ltd is a limited liability company under Australian law. It is 100% owned by Enel Green Power S.p.A.

Enel Green Power Australia Pty Ltd operates as a corporate trustee for the **Enel Green Power Australia Trust**. Enel Green Power Australia Pty Ltd is responsible for managing the assets and tax affairs of the Enel Green Power Australia Trust on behalf of, and for the benefit of, the beneficiary of the trust; in this case the holder of the "units" in the Enel Green Power Australia Trust, being Enel Green Power S.p.A. The Enel Green Power Australia Trust has been established as the relevant asset holding and tax paying entity in Australia.

In this application, the Enel Green Power Australia Trust will be referred to as "**EGP Australia**".

Enel Energy Australia Pty Ltd (the "Applicant")

Enel Green Power Australia Pty Ltd, in its own capacity, owns 100% of the shares in a subsidiary entity called **Enel Energy Australia Pty Ltd**, the Applicant.

12. Internal corporate structures

The Applicant

The Applicant's business premises is located at 23.07 One International Towers, 100 Barangaroo Avenue, NSW 2000.

The Applicant's Board of Directors comprises the following person:

Enel Energy Australia Pty Ltd Board of Directors
Javier Blanco Fernandez

The biographies for the Applicant's Board Members are set out in **Attachment 3**.

EGP Australia

The Board of Directors of Enel Green Power Australia Pty Ltd comprises the following person:

Enel Green Power Australia Pty Ltd Board of Directors
Javier Blanco Fernandez

An organisational chart showing staff employed by EGP Australia is at **Attachment 4**.

13. Executed contracts

The Applicant has a contract with Enel Produzione S.p.A. for trading and settlement services. (**Attachment 5**).

The Applicant has a contract with Cohuna Solar Farm Pty Ltd under which the Applicant is appointed by Cohuna Solar Farm Pty Ltd as intermediary for the Cohuna Solar Farm for the purposes of bidding electricity into the wholesale market (**Attachment 6**).

14. Type of licence sought

The Applicant seeks an **electricity wholesale licence**.

15. Date from which licence is sought

The Applicant seeks a licence to cover its wholesale operations from 30 September 2019.w

16. Details of the nature and scope of the operations for which the licence is sought

The Applicant seeks a Wholesale Licence

The Applicant seeks a wholesale licence from the Essential Services Commission of Victoria (**ESC**) so it can sell the electricity generated at the Cohuna Solar Farm through the wholesale electricity market.

Registered Market Participant registration

The Applicant intends to apply to the Australian Energy Market Operator (**AEMO**) to become the Intermediary and Registered Market Participant for the Cohuna Solar Farm (classified as a semi-scheduled market generator).

Registered Participant Agent for trading and settlement

The Applicant will nominate Enel Produzione S.p.A (a wholly-owned subsidiary of Enel S.p.A.) as a Registered Participant Agent. Enel Produzione S.p.A will provide dispatch, trading, control and settlement services for the Cohuna Solar Farm on behalf of the Applicant. It will link to AEMO's IT systems and trade Cohuna Solar Farm's electricity on the wholesale market on EEA's behalf.

Cohuna Solar Farm related companies and trusts

The owner of Cohuna Solar Farm, Cohuna Solar Farm Pty Ltd as trustee for the Cohuna Solar Farm Trust, has separately applied for a generator licence to operate the Cohuna Solar Farm. This application contains extensive details on Cohuna Solar Farm Pty Ltd, the Cohuna Solar Farm Trust, Enel Green Power Cohuna Trust and Enel Green Power Cohuna Holdings Pty. Ltd, and the Cohuna Solar Farm power plant.

Cohuna Solar Farm

The Cohuna Solar Farm is 34.2 MWdc/27.27 MWac in capacity, comprising of bifacial PV panels on single axis trackers. The Cohuna Solar Farm is located in the Shire of Gannawarra, Victoria, approximately eight kilometres south of the town of Cohuna, and 25 kilometres east of Kerang. The Applicant will invest approximately \$60 million (AUD) to construct and operate the Cohuna Solar Farm.

Construction of the Cohuna Solar Farm began in March 2019 and commercial operations are due to commence by the end of 2019. The Cohuna Solar Farm will be connected to the local distribution grid through the Cohuna Zone Substation and will comprise around 87,000 bifacial PV modules. It is expected to generate up to 77 GWh per year for the 30 years of its estimated design life, equivalent to avoiding 70,200 tonnes of CO2 emissions each year.

Cohuna Solar Farm Pty Ltd has procured a 15-year support agreement through Victoria's Renewable Energy Target (VRET) for the generation of energy and green certificates at the Cohuna Solar Farm, helping to support its ongoing commercial viability.

17. Former and concurrently held licences by the Applicant

The Applicant has never previously applied for an electricity licence in any jurisdiction.

18. Licences held by associates of the Applicant

EGP Australia separately owns 51% of Bungala One Operations Pty Ltd as trustee for Bungala One Operation Trust, and Bungala Two Operations Pty Ltd as trustee for Bungala Two Operation Trust. These companies separately hold licenses for Electricity Generation from the Essential Services Commission of South Australia (ESCOSA), granted in April and May 2018, respectively. These licences are available at:

Bungala One: <https://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-generation-licence-application-bungala-one-operations>

Bungala Two: <https://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-generation-licence-application-bungala-two-operations>

19. Licence conditions

The Applicant does not seek any non-standard licence conditions.

20. Fit and proper person

The Applicant is a fit and proper person.

None of the directors of the Applicant or of any entity that can exert control over the Applicant:

- has been declared bankrupt
- has had their affairs placed under administration
- has been disqualified from managing a company.

None of the directors of the Applicant or of any entity that can exert control over the Applicant or any person with significant managerial responsibility or influence on the Applicant been subject to:

- any debt judgments, or
- insolvency proceedings (including any administration, liquidation or receivership in connection with the affairs of a company).

None of the directors of the Applicant, directors of any entity that can exert control over the Applicant or any person with significant managerial responsibility or influence on the Applicant has been charged with fraud, theft or any other criminal offence.

None of the Applicant, any directors of the Applicant, any related body corporate, or any person with significant managerial responsibility or influence on the Applicant has been involved in any material breaches of obligations regulated by the ESC.

None of the Applicant, any directors of the Applicant, directors of any entity that can exert control over the Applicant or any person with significant managerial responsibility or influence on the Applicant has been prosecuted for any offences or has had any enforcement action taken under any state, territory, Commonwealth or foreign legislation (including, but limited to, the Competition and Consumer Act 2010 (Cth), Corporations Act 2001 (Cth), or the Australian Securities and Investments Commission Act 2001 (Cth)).

None of the Applicant, any related body corporate or any person with significant managerial responsibility or influence on the Applicant, has been refused a licence or authorisation, or has had restricted, suspended or revoked any such licence.

21. How granting a licence is consistent with the ESC's objectives

The Applicant is confident that granting an electricity wholesale licence to the Applicant, which will facilitate operations at the Cohuna Solar Farm, promotes the long-term interests of Victorian consumers.

Price, efficiency and competition

Deploying Cohuna Solar Farm will increase the amount of available generation capacity on the Victorian grid. This would increase competition, which would reduce prices as the market adjusts to a lower equilibrium price.

The YTD annual volume weighted average spot price for wholesale electricity in Victoria is \$84.¹ The Applicant is confident that the Cohuna Solar Farm will deliver electricity lower than this average. The Cohuna Solar Farm secured a 15 year contract-for-difference through the VRET program, which selected projects by a competitive tender process based on their cost-effectiveness. The solar projects procured through VRET, which includes the Cohuna Solar Farm, had an average strike price of \$56.85/MWh.²

Existing thermal generators operating in Victoria are nearing the end of their economic life and will need to be upgraded or replaced. Bloomberg New Energy Finance shows that solar generation is far cheaper than the cost of new thermal generation and is currently equal to the short-term cost of operating coal plants.³

Quality

Cohuna Solar Farm Pty Ltd has secured a connection agreement with Powercor which requires the Cohuna Solar Farm to operate to within quality standards that are consistent with the Generator Performance Standards specified in the National Electricity Rules. It secured this connection agreement by demonstrating that the design of the Cohuna Solar Farm power system can adequately deliver power at the quality required for stable system operation. AEMO's letter agreeing to these performance standards is at (**Attachment 7**).

Reliability of supply

Operating the Cohuna Solar Farm would improve reliability of supply in Victoria by:

- increasing the overall amount of generating capacity available in Victoria
- diversifying the types of generation available in the Victorian network
- diversifying the range of locations generation is available on the Victorian network.

¹ Australian Energy Regulator, 2018, *Annual volume weighted average spot prices*. Accessed at: <https://www.aer.gov.au/wholesale-markets/wholesale-statistics/annual-volume-weighted-average-spot-prices>

² Ben Potter, 2018, "Victoria underwrites six new wind, solar farms" *Australian Financial Review*. Accessed at: <https://www.afr.com/news/victoria-underwrites-six-new-wind-solar-farms-20180911-h157cm>

³ Ali Asghar, 2018, "Building Renewables a Hedge for Energy-Rich Australia", *BloombergNEF*. Accessed at: <https://www.bnef.com/core/shorts/2011?e=Insight%20Alert:sailthru>

Health, safety, environmental and social legislation

Cohuna Solar Farm Pty Ltd has developed its Health and Safety Management Plan (**Attachment 8**), approved by the Victorian Government Department of Environment, Land, Water and Planning (DELWP), in compliance with specific requirements under the Support Agreement. It will apply its HSE Technical Specification (**Attachment 9**) during construction.

As established in the Operation and Maintenance Contract, Enel Green Power Australia will establish operating protocols and policies that will ensure the Cohuna Solar Farm complies with applicable health, safety, environmental and social regulatory requirements for its operations as a generator.

The financial viability of the industry

The Cohuna Solar Farm project Business Plan, confirmed in August 2018 by the Victorian Government during the execution of its Support Agreement with Cohuna Solar Farm Pty Ltd, demonstrates that the Cohuna Solar Farm project is financially sustainable, particularly given its 15-year support agreement with the Victorian Government.

This is further underpinned by documents demonstrating the Applicant's own financial viability further detailed in Section 3 of this application.

Consistency in regulation between States

Granting a wholesale licence for the Applicant to sell electricity generated at the Cohuna Solar Farm to the wholesale market is not in conflict with the consistency in regulation between States.

Benefits and costs of regulation for consumers

Cost-effectively increasing the amount of renewable generation capacity available on the Victorian grid will help reduce the financial cost to consumers associated with transitioning the grid to a more carbon-constrained global economy. It will also reduce costs for consumers (as taxpayers) to achieve the Victorian Government's renewable energy target.

Finally, the Cohuna Solar Farm will also reduce negative externalities for consumers by reducing local air pollution caused by fossil fuel generators and reduce externalities associated with anthropogenic climate change.

Benefits and costs of regulation for regulated entities

Granting the Applicant a licence to operate as a wholesaler will help retailers access low-cost generation capacity which will help reduce their operating costs.

Section 2 – Technical capacity

22. Statement as to technical capacity

The Applicant has access to expertise, knowledge and skill base to sell the electricity generated at the Cohuna Solar Farm through the wholesale electricity market.

23. Technical capability for wholesale trading

The Applicant will nominate Enel Produzione S.p.A (a wholly-owned subsidiary of Enel S.p.A.) as a Registered Participant Agent. Enel Produzione S.p.A will provide dispatch, trading, control and settlement services for the Cohuna Solar Farm on behalf of the Applicant. It will link to AEMO's IT systems and trade Cohuna Solar Farm's electricity on the wholesale market on the applicant's behalf.

Attachment 10 details the technical capabilities that Enel Green Power Australia Pty Ltd and Enel Produzione will provide to Enel Energy Australia to provide its wholesale trading, including:

- organisational charts for both companies
- the key staff in each company assisting Enel Energy Australia's operations, plus their biographies
- details on Enel Produzione's experience and IT systems, including how it will provide 24-hour operational coverage for the Cohuna Solar Farm.

24. Organisational chart

The Applicant does not directly employ any staff. Organisational chart showing staff employed by EGP Australia and Enel Produzione is at (**Attachment 4**).

25. Key staff supporting wholesale trading

Enel Energy Australia Pty Ltd will access the expertise of staff in Enel Green Power Australia Pty Ltd and Enel Produzione. These staff have extensive experience in the wholesale selling of electricity, both in Australia and internationally.

Attachment 10 lists these staff and details their technical experience.

26. Compliance

The Applicant has prepared a Compliance Register summarising the key obligations the Applicant will have under its electricity wholesale licence, the Electricity System Code, the National Electricity Law and the National Electricity Rules. The Compliance Register is at (**Attachment 11**).

27. Staff and resource sharing

As a member of the Enel Group, the Applicant will have full access to Enel Group staff and resources both in Australia and overseas. No formal agreements are required to secure that access.

28. Internal controls, policies and procedures

Enel Green Power S.p.A policies and procedures

EGP Australia, the Applicant, and other companies within the Enel Group adopt the controls, policies and procedures for Enel Green Power S.p.A. These include the:

- Business Development Counterparty Due Diligence policy
- Management of Business Development Process
- Credit and Counterparty Risk Management policy

- EGP Sales Risk policy
- Counterparties Analysis policy
- Market Abuse Group policy.

A summary of these controls, policies and procedures is at (**Attachment 12**).

Enel S.p.A policies and procedures

Enel S.p.A adopts some Codes of Conduct at the corporate level. These include the:

- Code of Ethics
- Global Compliance Program on corporate criminal liability
- Whistleblowing Policy
- Zero Tolerance of Corruption Plan.

These are attached to the Cohuna Solar Farm electricity generation licence application.

29. Risk management policies at the corporate level

The Applicant and EGP Australia will follow the corporate risk management processes of its parent bodies, Enel Green Power S.p.A. and Enel S.p.A.

Enel S.p.A's framework on corporate governance and risk management can be found in the 2018 Annual Report for **Enel S.p.A.** and its subsidiaries at:

https://www.enel.com/content/dam/enel-com/governance_pdf/reports/annual-financial-report/2018/annual-report-2018.pdf

30. Registered Market Participant registration

The Applicant has applied to the Australian Energy Market Operator (**AEMO**) to become the Intermediary and Registered Market Participant for the Cohuna Solar Farm and is continuing to provide AEMO information to support this application. A copy of section A of this registration application is at **Attachment 13**.

31. The Applicant does not require an Australian Financial Services Licence

The Applicant does not have and does not need to have an Australian Financial Services Licence because it does not and will not provide financial services.

32. Energy Safe Victoria and EWOV

The Applicant has not liaised with Energy Safety Victoria nor the Energy and Water Ombudsman (Victoria) since its activities will not give rise to any energy safety or consumer dispute resolution issues.

33. Appointment as Intermediary

The Applicant has a contract with Cohuna Solar Farm Pty Ltd under which the Applicant is appointed by Cohuna Solar Farm Pty Ltd as intermediary for the Cohuna Solar Farm for the purposes of bidding electricity into the wholesale market (**Attachment 6**).

Section 3 – Financial viability

34. Enel Group's financial viability

Enel Green Power S.p.A. is consolidated in the accounts of Enel S.p.A. The 2018 Annual Report for Enel S.p.A. and its subsidiaries (including Enel Green Power S.p.A) is available at:

https://www.enel.com/content/dam/enel-com/governance_pdf/reports/annual-financial-report/2018/annual-report-2018.pdf

35. Financial arrangements supporting the Cohuna Solar Farm

Cohuna Solar Farm Pty Ltd as trustee for the Cohuna Solar Farm trust has established financial arrangements to support its operation and construction of the Cohuna Solar Farm. These financial arrangements are outlined in attachments provided in the generation licence application for Cohuna Solar Farm.

36. The Applicant's financial viability

The Applicant has the financial resources to commence and sustainably perform the sale of electricity generated at the Cohuna Solar Farm through the wholesale electricity market.

The Applicant has only recently been established and, as such, does not have any financial statements.

The Applicant's parent company and sole shareholder, EGP Australia, does have an Audited Financial Statement (from Ernst and Young). It is attached at (**Attachment 14**).

EGP Australia is committed to supporting the Applicant financially as described in the Letter of Comfort (**Attachment 15**).

The Applicant does not have a Standard & Poor's or other similar credit rating.

37. Business Plan

The Business Plan/Financial Model for the Cohuna Solar Farm is attached to the generator licence application for the Cohuna Solar Farm. This model was prepared prior to the VRET Action bid, which was submitted in February 2018. It was reconfirmed at the time of execution of the Support Agreement with the DELWP of Victoria, in August 2018.

The Applicant's overheads are incorporated into the above model.

A description of the Applicant's business activities is attached at (**Attachment 16**).

38. Statutory declaration

The Applicant's statutory declaration as to there being no likely changes in the structure, operation or financing of the Applicant or its activities that could materially affect its financial is attached at (**Attachment 17**).