

Application for Retail Licence



by

Powershop Australia Pty Ltd (ACN 154 914 075) trading as Powershop

Friday the 13th of January 2012

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Introduction

Powershop Australia Pty Ltd, ACN 154 914 075 (**Powershop**) is proposing to establish an electricity retailing business in Victoria. Powershop provides the following application details in accordance with the “Guidance Notes for Applications for Electricity Licences and the Transfer of Existing Electricity Licences” issued by the Essential Services Commission of Victoria (the **Commission**) in November 2006. Powershop seeks a licence effective any date prior to 1 February 2012.

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 29, 530 Collins Street
Melbourne VIC 3000

1.2 Contact person

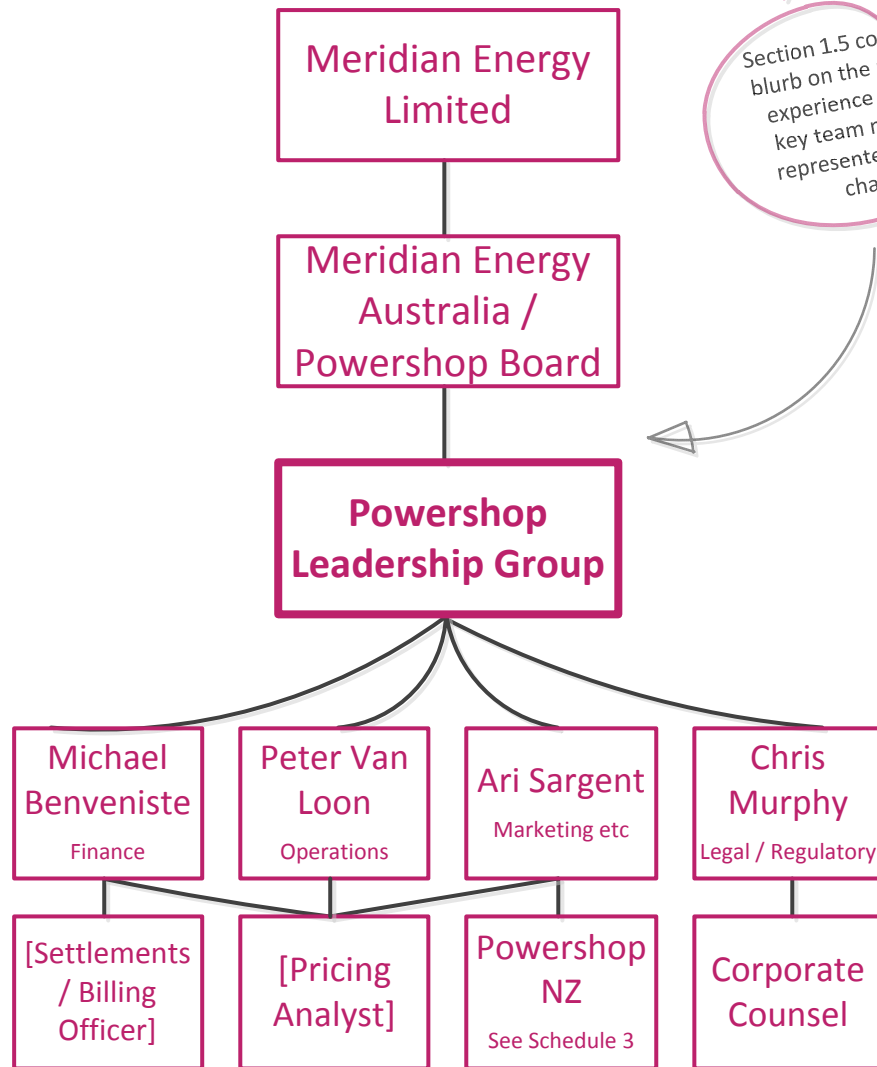
James Gerraty
Corporate Counsel & Company Secretary
Meridian Energy Australia Pty Ltd
9 Queen Street
Melbourne VIC 3000
Phone: 03 8370 2132

1.3 Corporate structure

See diagram to right.



1.4 Organisation structure



note that while this structure reflects the initial reality for Powershop, the organisation's structure shall evolve as its licensed activities mature

Section 1.5 contains a blurb on the relevant experience of each key team member represented in this chart.

(a) Meridian Energy Limited

As a Meridian Energy Group company, Powershop will operate under the Meridian Energy Limited Board and management.

(b) Powershop Australia Board

Powershop's Directors are Peter Scott Lowe, Andrew Dixon Robertson and Paul Thomas Chambers. Peter Lowe is currently a Director of: retailer Aurora Energy Pty Ltd; Snowy Hydro Limited (parent company of retailer Red Energy Pty Ltd); United Energy Distribution Holdings Pty Ltd; Multinet Group Holdings Pty Ltd; and eleven companies within the Meridian Energy Group. Peter has previously been a Director of retailer Pulse Energy Pty Ltd.

(c) Powershop Leadership Group

Powershop is managed by the Powershop Leadership Group – consisting of Ben Burge, Ari Sargent, Chris Murphy, Peter Van Loon, Michael Benveniste, Hamish Wilkie, Jim Barrett and James Waldren.

(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, and the Powershop New Zealand organisation structure chart is contained at Schedule 1.

(e) Team members

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

1.5 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.

(a) Benjamin Burge

Chief Executive Officer, Meridian Energy Australia Pty Ltd

Before becoming CEO of Meridian Energy Australia, Ben held various roles in the electricity industry. Ben was the Executive Chairman of Secure Energy Pty Ltd (a distributed energy generation business with generation assets within Australia). Ben was formerly the Chief Executive and partner of Melbourne-based boutique investment bank JT Campbell & Co Pty Ltd. In 2005, JT Campbell & Co Pty Ltd was awarded “Principal Deal of the Year” by the Australia Venture Capital Association.

Ben is a solicitor and has worked in commercial law, venture capital and corporate finance for more than 17 years, with exposure to financial services, media and resources. Ben was the founding CEO of ASX-listed digital media company emitch Limited from 1999 to 2001. He is a former Director of PWC and a former Partner of IBM Business Consulting, and has direct experience with the risk departments of Australia’s leading retail banks.

(b) Christopher Murphy

Manager Regulatory & Commercial, Meridian Energy Australia Pty Ltd

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. 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 & 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. In 1987, Chris was the Communications Officer for Elders IXL, where he was responsible for all corporate data communications activities.

(c) Peter Van Loon

Manager Operations, Meridian Energy Australia Pty Ltd

Peter has an extensive background in electrical and electronics engineering, as well as IT systems and local and wide area networking. He has had over ten years’ experience with the State Electricity Commission of Victoria in a field capacity involving power station/terminal and substation testing and commissioning and over ten years’ experience in project managing major IT infrastructure projects.

For the 10 years preceding his joining the Meridian Energy team, Peter was Managing Director of VLE Consulting, where he delivered project and change management solutions relating to specialised areas of the National Electricity Market Full Retail Competition rules and processes and procedures for retail and distribution clients operating in the National Electricity Market, as well as AEMO.

Peter was previously Chief Operating Officer of Secure Energy Pty Ltd.

(d) Michael Benveniste

Financial Controller, Meridian Energy Australia Pty Ltd

Michael is an accountant with over fifteen years' experience working in accounting, finance and management reporting. He initially worked in accounting practice, prior to various accountant and IT roles within Visy Industries, one of the largest Australian private companies. Michael has had financial and reporting exposure 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.

(e) James Waldren

Manager Energy Markets, Meridian Energy Australia Pty Ltd

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.

(f) 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 spear-head 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 is recognised by Deloitte as New Zealand's fastest growing business in 2011. As dedicated advocate for customers Ari has led Powershop to set unprecedented industry benchmarks in customer satisfaction and service.

(g) Jim Barrett

Head of Operations, Powershop New Zealand Limited

Previously with Contact Energy Limited (New Zealand's second largest electricity retailer) and with 13 years' experience in the electricity retail industry, Jim maintains and develops the engine of the Powershop business - the Powershop application. Focusing on the customer experience, excellence in process and processing, Jim has created a technology platform that exceeds all regulatory requirements, is user-friendly and places customer understanding and self-service at its heart.

(h) Hamish Wilkie

Sales and Marketing, Powershop New Zealand Limited

With 17 years' experience working with New Zealand's leading brands Hamish brings a new perspective to the electricity industry. With Powershop he has successfully developed and articulated customer value propositions centred on its customer needs. Hamish has helped Powershop in the identification and prioritisation of key opportunities and in building the organisation's capability to harness these opportunities and access new customer segments.

(i) 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.

(j) Bill Highet

General Manager Retail, Meridian Energy Limited

Bill was Chief Operating Officer of Whisper Tech Limited from 2001 to 2008, having previously helped to establish the company while New Ventures Manager at Southpower (now Orion) in 1995. Prior to joining Southpower in 1993, Bill held engineering, project management, commercial and business development roles, all in the electricity industry. He has also filled general manager roles at Enerco (a natural gas company) and at Telecom NZ. Bill is a past director of Whisper Tech Limited, Network Waitaki Limited, Pulse Business Solutions Limited, CallSouth Limited and Connetics Limited. He was also a non-executive director of Meridian subsidiary, Arc Innovations, from its establishment in 2006 until early 2008. Bill was CEO of Flight Experience Group Limited prior to taking up his appointment as General Manager for Retail, Meridian Energy in October 2009. Bill's team is focused upon delivering a profitable and differentiated offer and service to our customers.

(k) Neal Barclay

General Manager Markets and Production, Meridian Energy Limited

Neal has headed up Markets and Production since October 2009. He joined Meridian in July 2008 as Chief Financial Officer. Prior to joining Meridian Neal, a chartered accountant (NZICA), held a number of general manager roles in a 13-year career with Telecom New Zealand. Neal is accountable for the Company's New Zealand asset portfolio, comprising nine hydro power stations and three wind farms that deliver around 30% of New Zealand's electricity

generation, and for the company's wholesale trading and risk position.

(l) 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.

(m) Garth Dibley

General Manager External Relations, Meridian Energy Limited

Prior to joining Meridian, Garth was employed by ECNZ with the Northern Generation Hydro group for two years as the Technical Manager. Previous to that he has worked predominantly with thermal and gas turbine plants at Huntly Thermal Group where he ultimately became the Engineering Manager. Garth has been with Meridian since its establishment, with leading roles in the field of asset management. His External Relations team takes the lead in increasing Meridian's competitive edge by growing a positive perception of the company among its communities, partners and stakeholders.

(n) Glen McLatchie

General Manager Information and Communications Technology, Meridian Energy Limited

Glen joined Meridian as General Manager for Information Communication and Technology (ICT) in May 2010. Glen has an extensive background in delivering business and information technology change on a global scale, having held a number of general management positions on both the client and vendor side of ICT. Just prior to joining he was the Director of ICT Transformation and Strategic Planning for Contact Energy. Glen has also held several senior management roles with global responsibility over a 13-year period with BP Oil International, with the majority of this time based out of Melbourne and London. Glen and his team are responsible for ensuring Meridian has the ICT infrastructure, data, processes and applications to properly manage the business and its operations.

(o) Kate Peterson

General Manager Culture and Change, Meridian Energy Limited

Kate Peterson joined the Meridian Management team in early 2009. She brings to her role a strong background in people and operations management, having spent many years with Lion Nathan and more recently with PGG Wrightson and the Gough Group during periods of significant change. At Meridian, Kate and her team have a particular focus on developing strategies to further build the capabilities and skills of Meridian's

people, so that the company can deliver its business objectives and aspirations.

(p) Andrew Robertson

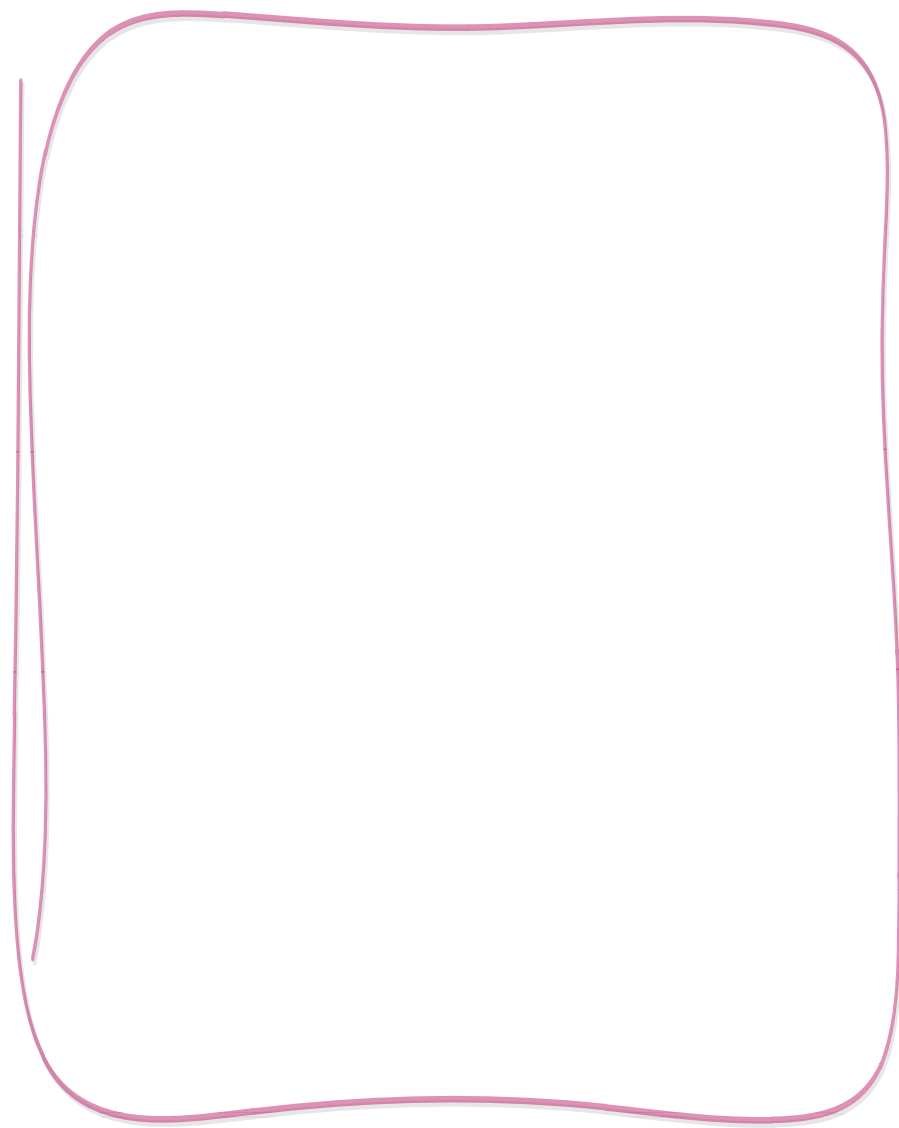
General Manager Business Development, Meridian Energy Limited

Andrew has extensive experience in the New Zealand electricity industry. Prior to taking on his current role, Andrew operated in senior generation business development roles in Meridian's asset management and growth areas. Before joining Meridian, Andrew held numerous roles with ECNZ, including management roles in finance and operations, before participating directly in the industry reform that led to the formation of Meridian. As General Manager of Business Development, Andrew is responsible for leading the adoption and commercialisation of renewable energy technologies and solutions to create and capture future value.

(q) Ken Smales

General Manager Renewable Development, Meridian Energy Limited

Ken has 40 years' experience in the New Zealand electricity generation industry, including design, construction, commissioning and operations and maintenance. Ken was Generation Director from the Company's establishment until taking up his Renewable Development role in January 2004. Ken's team has primary responsibility for delivering on Meridian's strategic goal of delivering more renewable generation growth, and cementing Meridian's place as the premier Australasian developer of renewable generation in New Zealand and overseas.



1.6 Outsourcing

Powershop's business plan does not contemplate outsourcing any of the key activities to third parties. The resource structure of the Powershop business is provided in section 1.4 of this application.

1.7 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.

1.8 Shareholders

Powershop is not publically listed. Meridian Energy Limited, Powershop's ultimate shareholder, is 100% owned by the New Zealand Government.

1.9 Licence conditions

Powershop does not seek any non-standard licence conditions.

1.10 Current activities within the electricity industry

Powershop and its related bodies corporate are heavily involved in the electricity industry both in Victoria, elsewhere in 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 the world's largest renewable only generation portfolios. Meridian Energy Limited has over 2700MW of existing renewable generation capacity and 2100MW planned or in construction – in total more than triple the level of Victoria's current installed renewable capacity.

In Australia the Meridian Energy Group owns Mt Millar Wind Farm (a 70MW generation facility in South Australia), half of the Macarthur Wind Farm (currently under construction, being developed pursuant to a joint venture with AGL, Macarthur will be the largest wind farm in the Southern

Hemisphere once complete), and development rights in a number of wind farm sites including at Mt Mercer in Victoria.

As it already owns licensed businesses within Australia, the Meridian Energy Group already holds electricity industry licences – including 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 Group currently includes two retail businesses, both based in New Zealand – Meridian, and Powershop New Zealand. Together they serve approximately 300,000 customers.

In the last 12 months Powershop has:

- been awarded first place in the 2011 Deloitte Fast 50, a ranking of businesses achieving outstanding growth;
- been awarded the Most Satisfied Customers award for electricity providers by Canstar Blue;
- been rated first in various consumer satisfaction surveys including a poll by television programme Fair Go; and
- achieved first place in Consumer New Zealand's 2011 energy provider survey, with 96% customer satisfaction compared to an average 75%, following first place in the previous such survey with 92% compared to an average 73%.

1.11 Proposed activity following grant of licence

Powershop seeks to develop a retail business in Victoria based on the Powershop New Zealand platform and business model. The Powershop model is based around enabling online purchase of electricity and providing the ability to monitor usage and purchase in advance of requirements to maximise savings.

2. The Commission's objectives

2.1 General

The grant of a 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.10 of the *Electricity Industry Act 2000* (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. The move to full retail contestability within Victoria was intended to give all electricity customers the right to choose a retailer, and more retailers means more choice for consumers. Long term, this benefit will best be achieved through the introduction of retailers with sustainable business models and appropriate financial capability – such as Powershop.

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 electricity retail market is based on analysis that suggests the market environment supports the addition of new entrant retailers. Additionally, the Powershop model allows for large discounts on electricity. Powershop can provide discounted prices to consumers in a sustainable manner.

2.4 The quality of essential services

The quality of the Powershop experience is clearly demonstrated by New Zealand consumers' satisfaction with Powershop. This year Powershop was rated "good" or "very good" by 96% of customers surveyed by Consumer New Zealand, compared to an average 75% for all New Zealand electricity

retailers. 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

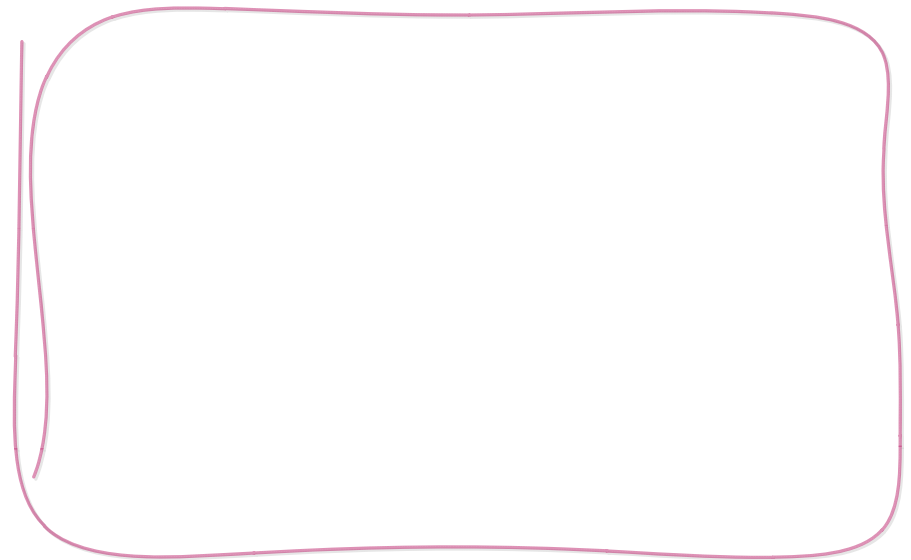
Powershop intends to foster and focus on its relationships with distribution network service providers to ensure a high level of communication, and as a result, timely resolution of network issues. Powershop also intends to adopt a model that allows consumers to be better informed about their electricity connection 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 being 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 in this section 3. Powershop assures the Commission it has sufficient financial resources to sustain its operations including all prudential requirements set by AEMO and relevant Distribution Network Service Providers. As a wholly owned subsidiary, Powershop's revenues will be supplemented as necessary by funds from Meridian Energy Limited.

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 2011, based on approximate current exchange rates, Meridian Energy Limited had revenues exceeding A\$1.5B, EBITDAF of over A\$500m, net profit after tax of A\$230m, assets valued at over A\$6.4B, and total equity of A\$3.75B. Meridian Energy Limited's Annual Results Announcement for the year ended 30 June 2011 is contained at Schedule 4.

3.2 Australian Financial Services Licence

Meridian Energy Limited currently holds Australian Financial Services Licence (AFSL) number 409423, and 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 either Meridian Energy Limited or with another related body corporate. Powershop is therefore satisfied it can comply with AFSL requirements.

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

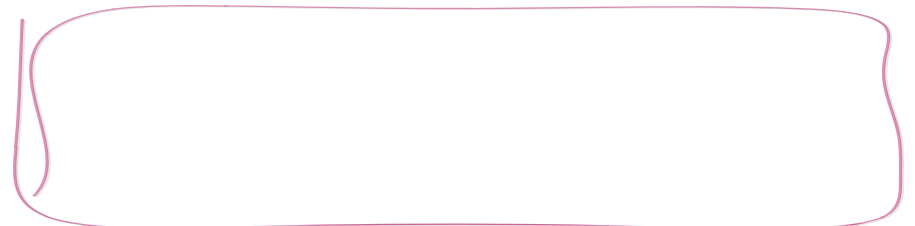
Powershop seeks to enter distribution use of system agreements with various Distribution Network Service Providers, and before undertaking any licensed activities in a distribution area will have such an agreement in place with the applicable provider. Powershop will initially be required to provide no credit support, given the abovementioned BBB+ credit rating. It is not anticipated that Powershop will have to provide credit support at any time prior to 1 July 2012 – but Powershop would nevertheless be confident in its ability to provide credit support if necessary given its strong financial position. Indicative of the terms upon which Powershop will contract with Distribution Network Service Providers, a proposed Distribution Use of System Agreement with United Energy Distribution is contained at Schedule 6.

3.5 AEMO credit support requirements

Powershop will need to provide credit support to AEMO for its market activities. Initially this is expected to total \$100,000 and Powershop can comfortably provide this amount 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 a detailed business plan and financial model for the next five years and beyond, and an executive extract of this business plan setting out key financial assumptions and analysis is contained at Schedule 7.



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 electricity 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 the business has 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.

Powershop and Meridian Energy Australia 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 8 of this application.

4.3 Demonstration of billing and management systems

Powershop will utilise the Powershop platform already in use in New Zealand and serving over 40,000 customers. While slight changes are being made to the platform to accommodate specific elements of the Australian market, the system has been proven over a number of years. It handles all automatable billing and customer management functions of the retailing process. Schedule 9 delves further into the Powershop platform.

4.4 Complaints register and procedures

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

- Recording, tracking and monitoring of all customer complaints and comments;
- 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 Manager – Commercial and Regulatory and ultimately to the CEO of Meridian Energy Australia.

Any complaint involving EWOV will be immediately notified to the Manager – Commercial and Regulatory to ensure it receives appropriate resource and attention.

4.5 Privacy statements

Powershop is developing systems and procedures to ensure the maintenance of the confidentiality of customer information and to maintain the privacy of all customer information. 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 customer.

The system leverages existing security and privacy protection capability currently utilised in the Powershop New Zealand business which is subject to equivalent privacy obligations.

4.6 Document Retention policies

Powershop will utilise systems that have already been developed for the Powershop New Zealand business which is subject to the Meridian Energy Limited document retention policies and standards. As a wholly owned government organisation 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 NZ has developed a retail platform which has demonstrated significant customer acceptance and support. Attached as Schedule 11 are Canstar Blue and Consumer New Zealand reports demonstrating that Powershop New Zealand has achieved the highest customer satisfaction of all NZ retailers in 2011. Furthermore, in 2011 Powershop NZ obtained the number one ranking in the 2011 Deloitte Fast 50 which measures and rewards businesses with significant growth.

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 electricity 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 small retail customers (residential and small business customers with consumption below 160MWh per year), but will also retail to larger customers (those consuming more than 160MWh per year).

5.3 Energy supply arrangements

Powershop's arrangements for energy supply are commercial in confidence. Please see Schedule 10.

5.4 Registration as a customer in the National Electricity 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 as a National Electricity Market customer. Powershop will not register as an Intending Participant given its intention to register as a customer relatively soon.

5.5 Capacity to operate a business

Powershop's capacity to operate a business is demonstrated by 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) and its ownership and operation of Mt Millar Wind Farm and joint venture ownership of the Macarthur Wind Farm (with AGL Energy Limited).

Powershop, as a component of Meridian Energy Australia, 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 Wind Farm and joint venture ownership of the Macarthur Wind Farm Meridian Energy Australia 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, Meridian Energy Australia has invested in systems, processes and people. This includes:

- Establishing 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;
- Commencing participation in wholesale energy markets and establishing necessary systems and arrangements including ISDA agreements, AFSL and settlements processes and systems;
- Employing 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 business will have access to the skills and systems of the wider Meridian Energy Group including the Powershop platform, appropriately adjusted to meet the regulatory and operation requirements of the Australian retail energy market.

5.6 Capacity to comply with regulatory requirements

Powershop's compliance with regulatory requirements will be supervised by the Meridian Energy Australia regulatory team which is headed by Manager – Commercial and Regulatory (Chris Murphy) who has over 10 years' experience in managing and participating in energy industry regulatory arrangements. The team is supported by two legal practitioners 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 is modifying its base platform to facilitate all such activities in a compliant and automated manner.

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.

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 the business has 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.

Powershop and Meridian Energy Australia 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 8 of this application.