



ESC GENERATION AUTHORITY APPLICATION – GESS PROJECTCO PTY LTD

Public submission

12 April 2018



Table of Contents

1	INTRODUCTION	3
2	INFORMATION ON APPLICANT AND NATURE OF THE APPLICATION	4
2.1	Applicant information	4
2.2	Ownership information	4
2.2.1	Corporate, Financial and Organisational Structures	4
2.3	Institutional Experience	5
2.3.1	Edify	5
2.3.2	Wirsol	6
2.4	Key Contracts and agreements	6
2.5	Planning and Environmental Approvals	7
2.5.1	Development Approval	7
2.6	Land Ownership and Access Arrangements	8
2.7	Details of regulatory action	8
2.8	Energy Safe Victoria and obligations under the Electricity Safety Act 1998 (Vic)	8
2.9	Details of licence sought	9
2.9.1	Details of current or former licences held in this or other jurisdictions	9
2.9.2	Licences held by associates of the applicant.	9
3	THE COMMISSIONS OBJECTIVES	9
3.1	Essential Services Commission Act Objectives – sections 8(1) and 8(2)	9
3.1.1	Efficiency in the industry and incentives for long term investment	10
3.1.2	The financial viability of the industry	10
3.1.3	The degree of, and scope for, competition within the industry, including countervailing market power and information asymmetries	11
3.1.4	The relevant health, safety, environmental and social legislation applying to the industry 11	
3.1.5	The benefits and costs of regulation (including externalities and the gains from competition and efficiency) for (a) consumers and users of products or services (including low income and vulnerable consumers) and (b) regulated entities	11
3.1.6	To promote consistency in regulation between States and on a national basis.	12
4	FINANCIAL VIABILITY	12
4.1	Balance Sheet and supporting information	12
4.1.1	Balance Sheet and financial data	12
4.1.2	External Auditor Statements and Credit Rating	12
4.1.3	Financial Model	12

4.1.4	Business Plan.....	13
4.1.5	Documentation to substantiate source of funding.....	13
4.1.6	Australian Financial Services Licence	13
4.2	Insurance Arrangements.....	13
5	INFORMATION ON TECHNICAL ABILITY	14
5.1	Organisational chart of key personnel with details of experience and knowledge of the industry	14
5.2	Contracts with external providers	14
5.3	Statements from industry bodies	14
5.4	Internal Controls, Policies and Governance Procedures.....	14
5.5	Business model	14
5.6	Risk management policies.....	14
5.7	Demonstrations of billing and management systems	15
5.8	Other (complaints, privacy statements, document retention policies).....	15
5.9	Complaints	15
5.10	Industry Submissions	15
5.11	Information in support of a generation licence application	16
5.11.1	Details of experience in and knowledge of the electricity industry	16
5.11.2	A summary of the skills and experience of the directors and senior managers and their relevance to meeting the requirements of the licence	17
5.11.3	Evidence that the applicant has the capacity to comply with the licence conditions, codes and guidelines relevant to its application	17
5.11.4	Evidence of any interactions or preliminary registration with VENCORP and NEMMCO 17	
5.11.5	If the applicant is to rely on another entity to provide staff and resources, a summary of the relationship between the applicant and this entity, including any formal agreements to provide services, and a summary of this other entity's experience in and knowledge of the electricity industry, and technical capacity to meet the relevant requirements of the licence...17	
5.11.6	Confirmation that all planning and environmental approvals have been completed..17	
5.11.7	Risk, governance and compliance management and strategies.....18	
5.11.8	Evidence that demonstrates that the entity can successfully operate a business within the electricity industry	18
5.11.9	Confirmation that there are no cross-ownership issues arising under the provisions of Part 3 of the EI Act — cross ownership.....18	
6	LIST OF ATTACHMENTS (CONFIDENTIAL).....	19

1 INTRODUCTION

GESS ProjectCo Pty Ltd (**Applicant**) is applying for a licence to generate, sell and supply electricity from its Gannawarra Energy Storage System (**GESS**).

GESS is a 25MW / 50MWh battery project located west of Kerang in north-west Victoria. It consists of Tesla¹ Powerpacks and balance of system componentry.

GESS DevCo Pty Ltd (a related entity to GESS ProjectCo Pty Ltd) (**GESS DevCo**) has appointed RCR O'Donnell Griffin Pty Ltd² (**RCR**) to construct the balance of system works and connect the battery under an Engineering, Construction and Procurement Contract.

GESS is the Applicant's principal asset and carries on no other business. The Applicant is ultimately majority owned (50.001%) by Edify Energy Holdings Pty Ltd ATF The Edify Energy Holdings Trust (**Edify Energy Holdings**), being a related party of Edify Energy Pty Ltd (**Edify**)³ and minority owned (49.999%)⁴ by Wircon Energie 9 GmbH (**Wircon Energie**), a related entity of WIRCON Australian HoldCo GmbH (**WIRCON Australia HoldCo**) and a member of the WIRCON and WIRSOL Group of companies (**WIRSOL Group**).⁵

GESS is financed by a combination of shareholder equity and grant funding provided by the Victorian Government's Department of Environment, Land, Water and Planning (**DELWP**)⁶ and the Australian Renewable Energy Agency (**ARENA**).⁷ The project reached financial close on 19 March 2018 with initial construction activities commencing shortly after this time.⁸ The Applicant expects the battery to be operational before the summer commencing at the end of 2018.

All input and output from GESS will be managed under a long-term usage agreement with EnergyAustralia Pty Ltd (**EnergyAustralia**) until the end of 2030.⁹

The Applicant has entered into a long-term (13 year) services agreement with Tesla Motors Australia Pty Ltd (**Tesla Motors**) to maintain the battery with RCR appointed to undertake all operations and maintenance activities for the balance of system componentry for at least the first two years of operation.

GESS will be connecting into the substation owned by the Gannawarra Solar Farm Pty Ltd (**GSF Pty Ltd**). Accordingly, the Applicant has entered into a Network Service Provider to Generator Deed with GSF Pty Ltd governing the battery's rights to connect into this substation.

¹ See https://www.tesla.com/en_AU/

² See media release: <https://www.rcrtom.com.au/latest-projects/gannawarra-solar-farm/>

³ See <http://edifyenergy.com/>

⁴ Edify Energy Holdings currently hold 100% of the issued shares in a holding company of the Applicant (GESS HoldCo Pty Ltd), being 4,615,001 ordinary shares, and Wircon Energie hold a convertible loan convertible into 4,615,000 ordinary shares

⁵ See <https://wirsol.com.au/>

⁶ See media release: <https://www.premier.vic.gov.au/delivering-more-large-scale-battery-storage-for-victoria/>

⁷ See media release: https://arena.gov.au/news/arena-provide-25-million-jointly-fund-victorias-first-large-scale-grid-connected-batteries/?lipi=urn%3Ali%3Apage%3Ad_flagship3_feed%3B1fyDJM%2FqR4%2BoeiAn2RBpDQ%3D%3D

⁸ See media release: <http://edifyenergy.com/edify-energy-wirsol-win-government-tender-big-solar-battery/>

⁹ See media release: <https://www.energyaustralia.com.au/about-us/media/news/energyaustralia-commits-50m-battery-storage-projects>

AEMO have completed their assessment of the proposed performance standards (**GPS**) and the Applicant has received confirmation from AEMO that the proposed GPS is acceptable.¹⁰

Edify has been appointed as the manager of GESS under a long-term Asset Management Agreement to provide general asset management services, including in relation to general project management, energy market activities and financial management services. Edify is providing similar Asset Management services to a number of solar farms, including the following:

- 69 MWp Whitsunday Solar Farm;
- 69 MWp Hamilton Solar Farm;
- 180 MWp Daydream Solar Farm;
- 60 MWp Hayman Solar Farm; and
- 60 MWp Gannawarra Solar Farm.

Edify is very familiar with GESS as it developed the project and negotiated all of the project documents to which the Applicant and its related subsidiaries are party to.

As part of the development, design and financing of GESS extensive technical support and advice was provided by, and due diligence undertaken by DigSILENT Pacific Pty Ltd¹¹ and RINA SERVICES S.p.A..¹²

2 INFORMATION ON APPLICANT AND NATURE OF THE APPLICATION

2.1 APPLICANT INFORMATION

Name of the applicant	GESS ProjectCo Pty Ltd ACN 621 425 661
Name of the project	Gannawarra Energy Storage System
ABN	86 621 425 661
Registered / Postal Address	[REDACTED], Manly, NSW 2095
Contact person	[REDACTED]
Incorporation Details	GESS ProjectCo Pty Ltd was incorporated on 31 August 2017

2.2 OWNERSHIP INFORMATION

2.2.1 Corporate, Financial and Organisational Structures

The Applicant is a wholly owned subsidiary of GESS HoldCo Pty Ltd (**GESS HoldCo**) which is owned by Edify Energy Holdings (50.001%) and Wircon Energie (49.999%).¹³

¹⁰ See Attachment 5.

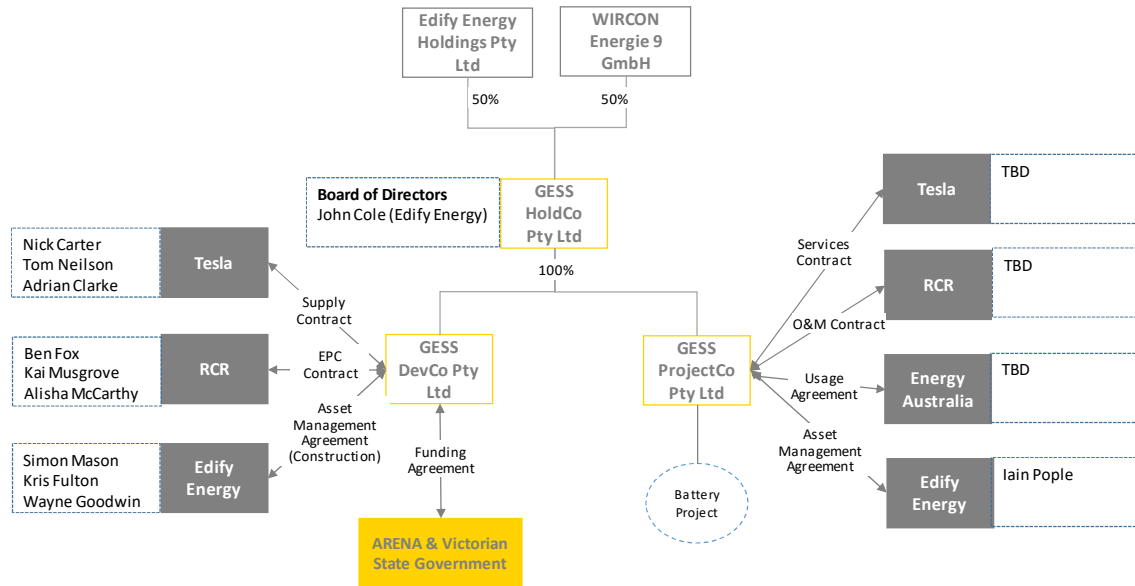
¹¹ See <https://www.digsilent.com.au/>

¹² See <http://www.rina.org>

¹³ Edify Energy Holdings currently hold 100% of the issued shares in a holding company of the Applicant (GESS HoldCo Pty Ltd), being 4,615,001 ordinary shares, and Wircon Energie hold a convertible loan convertible into 4,615,000 ordinary shares

Also within the GESS HoldCo structure is GESS DevCo, an entity created for the purpose of managing the project through its development and construction phases and as being the recipient of grant funding received from DELWP and ARENA.

The corporate, financing and organisational structure for these companies is set out below.



John Cole is the sole director of each of the Applicant, GESS ProjectCo and GESS HoldCo. John brings 10 years of experience from the UK renewable energy development and the Australian investment sector, including being co-founder of the UK company Low Carbon which developed, structured, financed and brought into operation 273MW of PV projects in the UK between 2011 and 2015.

2.3 INSTITUTIONAL EXPERIENCE

2.3.1 Edify

Edify Energy Holdings¹⁴ is the majority equity holder and its related entity, Edify, provides long-term asset management services to the Project.

Edify and its related entities (the **Edify Group**) is taking a leading position in the Australian renewable energy and storage market, having originated and closed the financing of 5 (440 MWp DC) utility scale solar PV projects in Australia and now this 25 MW/50 MWh energy storage project. The Edify Group provides development capital to projects and works with its partners to ensure high quality renewable and storage projects are structured, financed and brought into operation. The Edify Group maintains an equity interest in all of its projects and provides long-term asset management services.

The Edify Group's management team has:

- in excess of 120 years collective experience in the power and renewables sectors internationally, across all facets of project development and execution, as well as engineering, legal, tax and accounting;
- from a principal perspective, raised and deployed in the order of \$3B of capital bringing over 40 solar and wind projects (800+ MW total) into commercial operation;

¹⁴ See <http://edifyenergy.com>

- advised on over 10 GW (c \$25B) of projects during development, construction and operation; and
- managed an operational portfolio of more than 1.7 GW of renewable assets internationally, including Australia's largest wind and solar farms.

Edify's founder and Chief Executive, John Cole, was a co-founder of UK company Low Carbon Limited¹⁵ which developed, structured, financed and brought into operation more than 250 MWp of PV projects in the UK between 2011 and 2015.

2.3.2 Wirsol

The minority equity provider to GESS, WIRCON Energie, is a member of the WIRSOL Group, being a specialist European and Australian industrial developer and investor, specialising in photovoltaic systems and wind power plants.¹⁶

To date, the WIRSOL Group have reached more than 8,500 customers through consistent investment and competency in photovoltaic and wind power systems. Know-how in engineering, gathered from more than 800 MWp of installed power implementing high quality state-of-the-art technology, are the key factors for success.

Installed PV Solar Sites (Historic)

- | | |
|------------------|---------|
| • Germany | >380MWp |
| • United Kingdom | >190MWp |
| • Spain | >80MWp |
| • Italy | >50MWp |
| • Denmark | >60MWp |
| • Netherlands | >30MWp |
| • US / Canada | >10MWp |
| • Other | >30MWp |

Constructed or Pipeline PV Solar Sites (2018-2020)

- | | |
|---------------|---|
| • UK | ~300MWp |
| • Australia | ~670MWp (inc. of 198MWp Whitsunday / Hamilton / Gannawarra) |
| • Germany | ~50MWp |
| • France | ~30MWp |
| • Netherlands | ~30MWp |
| • Italy | ~30MWp |
| • Portugal | ~200MWp |

2.4 KEY CONTRACTS AND AGREEMENTS

The below table lists the key contracts which the Applicant and its related subsidiaries have entered into for the financing, construction and long-term operation and maintenance of GESS.

¹⁵ See <http://lowcarbon.com>

¹⁶ See <http://wirsol.com> and <http://wirsol.com.au>

Agreement	GESS entity	Counterparty
Funding Agreement ¹⁷	GESS DevCo	ARENA DELWP
Powerpack Sale and Purchase Agreement ¹⁸	GESS DevCo	Tesla Motors
Engineering, Procurement, Construction and Installation Contract ¹⁹	GESS DevCo	RCR
Network Service Provider to Generator Deed ²⁰	Applicant	GSF Pty Ltd
Powerpack Services Agreement ²¹	GESS DevCo	Tesla Motors
Battery Manufacturer's System Warranty ²²	Applicant	Tesla Motors Netherlands B.V.
Operations & Maintenance Services Contract ²³	Applicant	RCR
Battery Storage Services Agreement ²⁴	Applicant	EnergyAustralia
Asset Management Agreement ²⁵	Applicant, GESS HoldCo and GESS DevCo	Edify
Sublease ²⁶	Applicant	GSF Pty Ltd

2.5 PLANNING AND ENVIRONMENTAL APPROVALS

All required planning and environmental approvals have been obtained, including the Development Approval and EPBC Approval set out below. All material continuous obligations in terms of planning and environmental approvals continue to be complied with.

2.5.1 Development Approval

Formal development approval for a Material Change of Use for GSF was granted by the Gannawarra Shire Council on 21 November 2013.²⁷ As part of the Development Approval, the Gannawarra Shire Council has approved the following plans²⁸:

- Environmental Management Plan²⁹;
- Landscape Management Plan³⁰;

¹⁷ See Attachment 1.a

¹⁸ See Attachment 1.b

¹⁹ See Attachment 1.c

²⁰ See Attachment 1.d

²¹ See Attachment 1.e

²² See Attachment 1.f

²³ See Attachment 1.g

²⁴ See Attachment 1.h

²⁵ See Attachment 1.i

²⁶ See Attachment 1.j

²⁷ See Attachment 2.a

²⁸ See Attachment 2.b

²⁹ See Attachment 2.c

³⁰ See Attachment 2.d

- Traffic Management Plan³¹; and
- Fire Management Plan³².

These plans were subsequently revised to reflect the inclusion of GESS within the approved GSF footprint and endorsed by the Gannawarra Shire Council to form part of the planning permit on 17 September 2017.³³

2.6 LAND OWNERSHIP AND ACCESS ARRANGEMENTS

On 10 March 2017, GSF Pty Ltd entered into a long term (30 year, with 4 x 5-year options) lease with the freehold landowner, Greg and Faye Fowler Pty Ltd (Headlease). A copy of the Headlease is provided as Attachment 3.a.

On 19 March 2018, the Applicant entered into a sub-lease with GSF Pty Ltd to rent the portion of land required for the construction and operation of GESS (**Sublease**). Additionally, the Sublease and survey plan defines “common areas” outside the subleased area which are shared with GSF Pty Ltd and licenced to the Applicant; these include access roads, the 33kV switchroom, 33/66kV switchyard, easement corridors for cabling and the O&M building. The term of the Sublease is concurrent with the term of the Headlease. A copy of the Sublease is provided as Attachment 3.b.

2.7 DETAILS OF REGULATORY ACTION

No prosecutions or regulatory complaints have commenced against the Applicant or any other company or person related to or associated with the Applicant.

2.8 ENERGY SAFE VICTORIA AND OBLIGATIONS UNDER THE ELECTRICITY SAFETY ACT 1998 (Vic)

As the EPC and O&M contractor, RCR is responsible for designing, constructing and operating the GESS in compliance with the Electricity Safety Act 1998 (Vic). The balance of works to be performed by RCR is an extension of the construction works being carried out for GSF Pty Ltd in connection with the Gannawarra Solar Farm.

As such RCR has undertaken the following activities and correspondence with Energy Safe Victoria (**ESV**):

- made contact with ESV to seek advice on GSF Pty Ltd’s obligation in meeting the Electricity Safety Act 1998 (Vic);
- ESV has advised that RCR and GSF Pty Ltd are not required to operate an Electricity Safety Management Scheme as they are not a Major Electricity Company (**MEC**). A MEC is a distribution or transmission company. See Attachment 6.a for correspondence between RCR and ESV;
- pursuant to the Electricity Safety Act 1998 (Vic), engaged an electrical inspector to sign off on all prescribed electrical works; and
- preparation of a HV operation protocol and contact name list as requested by Powercor for operation of the HV substation.

³¹ See Attachment 2.e

³² See Attachment 2.f

³³ See Attachment 2.g

As a major equipment supplier to the project, Tesla Motors has engaged with ESV and has provided a general overview of the Powerpack system and its installation, including hosting a visit to the Tesla test facility in Richmond. ESV has not raised any concerns around compliance at this stage.

2.9 DETAILS OF LICENCE SOUGHT

The Applicant is seeking a generation licence.

GESS is aiming to generate electricity from 1st August 2018 and GESS is seeking a license from this date.

The Applicant is not seeking any non-standard licence conditions.

2.9.1 Details of current or former licences held in this or other jurisdictions.

The Applicant has never held or applied for a licence in Victoria or any other jurisdiction, nor has it had a licence refused.

The Applicant is in the process of applying for Exemption from Registration as a Generator with AEMO. EnergyAustralia will be holding the AEMO generator registration for GESS and assuming the role of Controller, and acting as an Intermediary for the Applicant which will assume the roles of Operator and Owner.

2.9.2 Licences held by associates of the applicant.

Whitsunday Solar Farm Pty Ltd and Hamilton Solar Farm Pty Ltd (also owned by the Edify Group and the WIRSOL Group) have received Generation Authorities from the Queensland Department of Natural Resources, Mines and Energy. GSF Pty Ltd (also owned by the Edify Group and the Wirsol Group) has been granted a Generation Licence by the ESC, is registered as a generator with AEMO, and is currently progressing through the commissioning process.

Whitsunday Solar Farm Pty Ltd and Hamilton Solar Farm Pty Ltd were each registered as an Intending Participant in the NEM with AEMO respectively on 23 December 2016 and 7 March 2017 and are in the final stages of registration as a Generator with AEMO.³⁴

3 THE COMMISSIONS OBJECTIVES

3.1 ESSENTIAL SERVICES COMMISSION ACT OBJECTIVES – SECTIONS 8(1) AND 8(2)

The Objective of the Commission is set out under sub-section 8(1) of the *Essential Services Commission Act 2001 (ESC Act)* as follows:

In performing its functions and exercising its powers, the primary objective of the Commission is to protect the long term interests of Victorian consumers.

Granting a generation license to the Applicant is consistent with the objectives of the commission in terms of protecting the long term interests of Victorian consumers. The Applicant is a dedicated, standalone, financially viable generator (with funding for all of its obligations either provided or

³⁴ See the spreadsheet that can be downloaded from <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Participant-information/Current-participants/Current-registration-and-exemption-lists>

committed), underpinned by long-term contracts, federal and state government grants, and supported by leading companies in the Australian energy market.

When complete, GESS will:

- provide flexible renewable capacity and grid stability to an area of the network requiring upgrade;
- deliver wide-ranging knowledge sharing and prove technical, regulatory, commercial and market models for future batteries including models for grid connection and registration;
- reduce system costs by identifying integration benefits, deploying volume, facilitating learning and sector confidence, removing roadblock and impediments to investment, and reducing the cost of financing;
- develop local expertise, skills and capability that may be applied further in local and international markets;
- create direct local jobs (20-25 during construction and 1-2 during operations) and indirect local jobs;
- be the first integrated renewables and battery system in Victoria and among the first in Australia;
- be the first retrofit of a battery to an existing or under-construction solar farm; and
- be among the largest integrated renewables and battery systems in the world.

Under sub-sections 8(1) and 8(2) of the ESC Act, the Commission must have regard to a number of matters in seeking to achieve the Objective. The Applicant believes that granting of the licence is consistent with these matters, described in sub-section 8A(1), as follows:

3.1.1 Efficiency in the industry and incentives for long term investment

GESS will contribute to increased efficiency in the electricity market through additional diversity of supply and competition. The project provides significant investment into the Victorian electricity market via equity capital from Edify Energy Holdings as a majority owner, Wirsol Energie as minority owner, grant funding from ARENA and DELWP and a long-term services agreement with EnergyAustralia.

Utility scale battery storage is an established technology which is expected to grow rapidly in the coming years.

The operational risks are low and well understood. The operational design life of the project is 13 years.

3.1.2 The financial viability of the industry

The Applicant and GESS are financially viable, with the project having achieved financial close on 19th March 2018 with equity financing and government grant funding, underpinned by a long term usage agreement with EnergyAustralia. Comprehensive due diligence was carried out on the financial and technical aspects of the project to support the equity investment into the project and satisfy ARENA and DELWP. This is evidence of the project's 'bankability'. A copy of the Independent Engineer's Due Diligence Report is included in Attachment 9.b.

Further, GESS operates in a financially viable industry. The NEM has existed as a liberalised wholesale spot market for electricity for almost 20-years, trading circa 190 to 200 TWh per annum worth almost \$17bn in 2016-17 and with some 200+ registered participants and 53GW of installed capacity.

Capital costs of energy storage projects are expected to continue to fall going forward. The recent Queensland 400 Renewables request for tender³⁵ has set aside 100MW for energy storage projects.

In June 2016, the Victorian Government committed to Victorian Renewable Energy generation Targets of 25 per cent by 2020 and 40 per cent by 2025 (**VRET**).³⁶ One mechanism to help achieve the VRET is the establishment of the Victorian Renewable Energy Auction Scheme (**VREAS**) under which the Victorian Government will award commercial contracts in support of up to 650 MW of new renewable energy generation.

The format of the auction will be a reverse auction, with bids accepted for up to 550 MW of large scale technology neutral renewable energy and for up to 100 MW of large scale solar-specific renewable energy.³⁷

It is reasonable to expect that it will become common to see new renewable generation partnered with energy storage technology.

3.1.3 The degree of, and scope for, competition within the industry, including countervailing market power and information asymmetries

GESS provides a positive contribution to the diverse and competitive supply of electricity to Victorian consumers via the creation of a new electricity generation asset which is consistent with the objective in regards to this matter.

As a relatively small generator, the Applicant is expected to be a price-taker and therefore will not be able to set the market price nor wield significant market power. This has the potential to lower market spot prices. Relative to other generators within Victoria and the NEM as a whole, the Applicant can be considered only a minor player in the industry.

3.1.4 The relevant health, safety, environmental and social legislation applying to the industry

Construction and operation of the project will be subject to all relevant health, safety, environmental and social legislation applying to the Victorian electricity industry.

Construction and operation of GESS will be performed by the same EPC contractor and management team as for the Gannawarra Solar Farm which has been commissioned with no significant HSE incidents occurring.

3.1.5 The benefits and costs of regulation (including externalities and the gains from competition and efficiency) for (a) consumers and users of products or services (including low income and vulnerable consumers) and (b) regulated entities.

The Applicant has entered into a long term usage agreement with EnergyAustralia at a price which is competitive with other forms of generation. This allows EnergyAustralia as one of Australia's largest electricity retailers to supply electricity to consumers at a competitive price.

The Applicant will seek to minimise the costs of regulation and allow consumers and users of electricity (including low income and vulnerable consumers) to receive the benefits of increased energy supply, reduced FCAS costs, and more efficient use of renewable generation sources via

³⁵ See <http://statements.qld.gov.au/Statement/2017/8/28/renewables-400-program-charging-ahead-with-huge-interest>.

³⁶ See <https://www.energy.vic.gov.au/renewable-energy/victorias-renewable-energy-targets>

³⁷ See <https://www.premier.vic.gov.au/renewable-energy-auction-to-drive-jobs-and-investment/>

time-shifting. These include reduced cost, and increased reliability and quality, of electricity supply, and environmental and health costs.

3.1.6 To promote consistency in regulation between States and on a national basis.

GESS will operate as a scheduled generator, will be registered with AEMO, and is required to comply with the National Electricity Rules.

4 FINANCIAL VIABILITY

As set out earlier in this Application, GESS has been financed through a combination of equity contributions and a funding grant from DELWP and ARENA. The equity and grant financing means that the project is fully capitalised to meet all contractual commitments to construct the project and bring it into operation.

The Applicant can meet and address the financial viability requirement, and can be summarised as follows:

- the Applicant is ultimately majority (50.001%) owned by Edify Energy Holdings³⁸, with the balance (49.999%) owned by WIRCON Engie;
- the Applicant and its related entities are financed by equity from Edify Energy Holdings and Wirsol Energie, and grant funding received from DELWP and ARENA;
- the Applicant's and the projects long-term viability is supported by a usage agreement with EnergyAustralia; and
- each of Edify Energy Holdings and WIRCON Australia HoldCo have provided equity commitment letters to ARENA and DELWP³⁹ and are subject to obligations to GESS HoldCo and its subsidiaries to provide any further equity required for the project.

4.1 BALANCE SHEET AND SUPPORTING INFORMATION

4.1.1 Balance Sheet and financial data

The balance sheet, including a statement of assets and liabilities, is provided in Attachment O.

4.1.2 External Auditor Statements and Credit Rating

The Applicant's parent company GESS HoldCo is a private company whose first Financial Report is expected to be prepared for the period ending 31 December 2018.

There are no statements available from external advisors, nor has a rating been provided by any credit agency.

The fact that the project has already been financed and with a material component from public funding demonstrates sufficient financial resources to sustain a viable business in the electricity industry.

4.1.3 Financial Model

A summary of the financial model has been included which sets out:

³⁸ Edify Energy Holdings currently hold 100% of the issued shares in a holding company of the Applicant (GESS HoldCo Pty Ltd), being 4,615,001 ordinary shares, and Wircon Energie hold a convertible loan convertible into 4,615,000 ordinary shares

³⁹ See Attachment 10.b.

- construction, maintenance and operational costs;
- funding injections, and
- projected revenues.

See Attachment 8.a for the Financial Model Summary in Excel format.

4.1.4 Business Plan

The Applicant is engaged solely in the consumption and generation of electricity from its single asset GESS. It has no other business. Its business plan is to simply comply with its obligations under the long-term usage agreement with EnergyAustralia, which is its sole source of revenues for the majority of its assumed asset life. To fulfil these obligations, it has entered into:

- a long-term services agreement with Tesla Motors;
- a full-service O&M agreement with RCR; and
- a long-term asset management agreement with Edify.

A detailed business plan outlining the key assumptions which form the basis of the financial model has been included as Attachment 9.a. The due diligence report and financial model referred to in the business plan are included as Attachments 9.b and 8.a.

4.1.5 Documentation to substantiate source of funding

The Applicant has provided the following documentation to substantiate sources of funding:

- Funding Agreement from the Department of Environment Land Water and Planning (see Attachment 1.a)
- Equity Commitment Letters from Edify and Wirsol (See Attachments 10.a and 10.b)

4.1.6 Australian Financial Services Licence

Neither the Applicant, nor any of its related entities, require an Australian Financial Services Licence with respect to GESS. Neither of these entities intend to undertake any of the activities which require an Australian Financial Services Licence, i.e.:

- provide financial product advice to clients;
- deal in a financial product;
- make a market for a financial product;
- operate a registered scheme;
- provide a custodial or depository service, or
- provide traditional trustee company services.

4.2 INSURANCE ARRANGEMENTS

GESS has in place all the necessary insurance policies for a project of this type and size, including:

- Construction Third Party Liability⁴⁰
- Contract Works Material Damage and Delay in Start Up⁴¹
- Marine Transit and Marine Delay in Start Up⁴²

⁴⁰ See Attachment 4.a

⁴¹ See Attachment 4.b

⁴² See Attachment 4.c

5 INFORMATION ON TECHNICAL ABILITY

5.1 ORGANISATIONAL CHART OF KEY PERSONNEL WITH DETAILS OF EXPERIENCE AND KNOWLEDGE OF THE INDUSTRY

Details of the experience of the sole director of each of the Applicant and its related entities associated with GESS is included in section 0. Details of the roles and responsibilities of key personnel employed by the asset manager are included in Attachment 0.

5.2 CONTRACTS WITH EXTERNAL PROVIDERS

See Section 2.4 for details of contracts with external suppliers and supply contracts.

5.3 STATEMENTS FROM INDUSTRY BODIES

Neither the Applicant, Edify Energy Holdings or Wirsol Energie have participated in the Victorian Electricity Market previously, so we are unable to provide any statements from bodies such as EWOV. However, GSF Pty Ltd which is owned by Edify and WIRSOL Australia Holdings and will be operated by Edify has recently been granted a Generation Licence by the ESC and is currently progressing through activities to reach commercial operations.

GSF Pty Ltd has entered into a connection agreement with Powercor Australia Ltd to connect its embedded network, which forms part of the infrastructure required for GESS, to Powercor's network. GSF Pty Ltd has also submitted an application to AEMO for registration as a Network Service Provider for this same embedded network.

EnergyAustralia has submitted an application to AEMO for registration as a generator for GESS. EnergyAustralia will assume the role of Controller and act as an Intermediary the Applicant which will assume the role of Owner and Operator.

5.4 INTERNAL CONTROLS, POLICIES AND GOVERNANCE PROCEDURES

Edify Energy Pty Ltd as the operator of GSF has in place the following policies and procedures:

- WHS Management Plan (See Attachment 15); and
- GESS Risk Management Plan (See Attachment 7.b).

A compliance register has been developed which summarises key contractual and regulatory obligations⁴³.

5.5 BUSINESS MODEL

See section 4.1.4.

5.6 RISK MANAGEMENT POLICIES

The Applicant has managed risk by only engaging reputable contractors with accredited systems in place for managing quality, health and safety and the environment.

⁴³ See Attachment 7.a

RCR, the primary contractor engaged to build and operate the solar farm has the following accreditations in place:

- AS/NZ 4801 Workplace Health and Safety Management;
- ISO 9001 Quality Management;
- Federal Safety Commission (FSC) Accreditation; and
- ISO14001 Environmental Management.

A risk register will be developed and maintained throughout the construction and operational phases of the project.

5.7 DEMONSTRATIONS OF BILLING AND MANAGEMENT SYSTEMS

GESS is currently under construction, and therefore billing and operational management systems are not yet implemented. We note that as a generator the Applicant does not have any direct contact or billing interactions with consumers in Victoria.

5.8 OTHER (COMPLAINTS, PRIVACY STATEMENTS, DOCUMENT RETENTION POLICIES)

The Applicant complies with all document retention policies and includes privacy statements based on relevant laws and regulations that apply to GESS. Should any complaints arise, they will be managed through communication with the Asset Manager of GESS, Edify and a complaints register maintained.

5.9 COMPLAINTS

As a generator the Applicant does not have any direct contact or billing interactions with consumers in Victoria. Consequently, we would not anticipate receiving complaints from end consumers in their capacity as energy customers.

Complaints can be sent via email, the Edify Energy website, or the contact number listed on the project website.⁴⁴

Edify already has a strong presence in the local community via its role as Asset Manager of the Gannawarra Solar Farm. A recent community consultation event in relation to the Gannawarra Solar Farm at the clubhouse of the Ioan Wandella Bombers football club on 6 June 2017. It was well attended and reported in the local press.⁴⁵ Another event is planned for 2018.

5.10 INDUSTRY SUBMISSIONS

Edify as developer, majority owner and asset manager is an active participant in the Australian renewables industry. By way of example Edify:

- is a corporate member of the Clean Energy Council;⁴⁶
- participates in industry discussions around changes to National Electricity Rules and has recently made submissions to the AEMC;⁴⁷ and

⁴⁴ <http://edifyenergy.com/projects/gannawarra/>

⁴⁵ <http://www.gannawarratimes.com.au/story/4717889/solar-all-set/>

⁴⁶ See <https://www.cleanenergycouncil.org.au/membership/current-members/current-members-corporate.html>

⁴⁷ See <http://www.aemc.gov.au/getattachment/b1c3c2d1-c92c-493c-bb18-9305c764a47c/Edify-Energy.aspx>

- has been invited to present at a number of events in Victoria, including the Northern Victoria Renewable Energy Boom discussion in Kerang on 30 August 2017⁴⁸ and the Northern Victoria Renewable Energy Roundtable in Shepparton on 26 October 2017.⁴⁹

5.11 INFORMATION IN SUPPORT OF A GENERATION LICENCE APPLICATION

5.11.1 Details of experience in and knowledge of the electricity industry

As a newly incorporated special purpose entity, the Applicant's knowledge of and experience in the electricity industry is derived from its owners and operators.

The owners, operators and maintenance and service providers of GESS, the Edify Group, the WIRSOL Group, RCR and Tesla Motors, have strong track-records of successfully operating businesses in the electricity industry.

The WIRSOL Group has extensive international know-how through consistent investment and competency in photovoltaic and wind power systems, gathered from more than 800 MWp of installed power implementing high quality state-of-the-art technology.

The capability of the Edify Group as the asset management provider is demonstrated by a management team which has:

- in excess of 120 years collective experience in the power and renewables sectors internationally, across all facets of project development and execution, as well as engineering, legal, tax and accounting;
- from a principal perspective, raised and deployed in the order of \$3B of capital bringing over 40 solar and wind projects (800+ MW total) into commercial operation;
- advised on over 10 GW (c \$25B) of projects during development, construction and operation; and
- managed an operational portfolio of more than 1.7 GW of renewable assets internationally, including Australia's largest wind and solar farms.

RCR is a diversified engineering and infrastructure company providing engineering solutions to the infrastructure, energy and resources sectors. RCR employs over 3,400 people supporting major projects across a network of operations in Australia, New Zealand and SE Asia, with annual revenues in excess of \$1 billion. The RCR Maintenance group across Australia and New Zealand provide shut downs, planned maintenance and plant refurbishment services to major utility Power Stations as well as process industries including oil & gas. RCR provides services to Australia's largest industrial companies including AGL, BHP Billiton, Fortescue Metals Group, Newcrest Mining and Transport for New South Wales amongst others.

Refer to:

- Attachment 0 for the experience and knowledge of Edify key personnel; and
- Section 0 for the experience and knowledge of the sole director.

⁴⁸ See <http://www.gannawarratimes.com.au/story/4893213/state-solar-hub/> and <http://www.gannawarra.vic.gov.au/Events-Activities/Support-the-Renewable-Energy-Boom-with-Simon-Corbel>

⁴⁹ See <http://www.countrynews.com.au/2017/10/26/6835/shepparton-powers-up>

5.11.2 A summary of the skills and experience of the directors and senior managers and their relevance to meeting the requirements of the licence

Edify's Head of Asset Management has the skills and experience to ensure the operational requirements of the licence are met. Edify's Financial Controller has the skills and experience to ensure the financial requirements of the licence are met. The Director of the Applicant has the skills and experience to ensure the governance requirements of the licence are met.

5.11.3 Evidence that the applicant has the capacity to comply with the licence conditions, codes and guidelines relevant to its application

The Applicant has all necessary expertise to comply with generator license conditions, codes and guidelines through the experience of directors, a strong financial position, and through engagement of Edify as the Asset Manager.

5.11.4 Evidence of any interactions or preliminary registration with VENCORP and NEMMCO

GSF Pty Ltd has submitted an application to AEMO for registration as a Network Service Provider for the embedded network which forms part of the required infrastructure for GESS.

EnergyAustralia has submitted an application to AEMO for registration as a generator for GESS. EnergyAustralia will assume the role of Controller and act as an Intermediary for the Applicant which will assume the role of Owner and Operator.

5.11.5 If the applicant is to rely on another entity to provide staff and resources, a summary of the relationship between the applicant and this entity, including any formal agreements to provide services, and a summary of this other entity's experience in and knowledge of the electricity industry, and technical capacity to meet the relevant requirements of the licence.

As noted, Edify will be providing Asset Management services to GESS for a duration of up to 13 years under a full service Asset Management Agreement. Under this agreement Edify is responsible for providing:

- management of the Health and Safety obligations and systems;
- environmental compliance;
- management of the O&M agreement and operational performance measures;
- management of the Connection Agreement;
- invoicing and Payments; and
- standing legislative and regulatory obligations.

Details of the skills and experience of the Edify team is provided in Attachment 0.

Operations and Maintenance services will be provided by RCR for at least the first two years.

Tesla Motors will be providing maintenance services in connection with the battery components of GESS for a period of 13 years.

5.11.6 Confirmation that all planning and environmental approvals have been completed

As noted in section 2.5 above, all required planning and environmental approvals have been obtained and any continuous obligations in terms of planning and environmental approvals will be complied with.

5.11.7 Risk, governance and compliance management and strategies

See sections 5.4 and 5.6.

5.11.8 Evidence that demonstrates that the entity can successfully operate a business within the electricity industry

The Applicant has strong financial backing via established investment partners, grants from ARENA and DELWP, and a long term usage agreement with EnergyAustralia. Reputable and experienced contractors have been engaged to build and operate the project and provide asset management services over the long term.

The owners, operators and maintenance and service providers of GESS, the Edify Group, the WIRSOL Group, RCR and Tesla MOtors, have strong track-records of successfully operating businesses in the electricity industry internationally and domestically.

All these factors ensure that the Applicant can successfully operate GESS within the electricity industry.

5.11.9 Confirmation that there are no cross-ownership issues arising under the provisions of Part 3 of the EI Act — cross ownership.

The Applicant confirms that there are no cross-ownership issues arising under the provisions of Part 3 of the EI Act.

5.11.10 Statutory declarations in support of the application

- Declaration that the information provided in this application is true and correct (See Attachment 15.a)
- Declaration that the GESS directors are not disqualified and that no prosecutions or regulatory complaints have commenced against GESS (See Attachment 15.b)

6 LIST OF ATTACHMENTS (CONFIDENTIAL)

1. Key Contracts and Agreements
 - a. Funding Agreement
 - b. Powerpack Sale and Purchase Agreement
 - c. Engineering, Procurement, Construction and Installation Contract
 - d. Network Service Provider to Generator Deed
 - e. Powerpack Services Agreement
 - f. Battery Manufacturer's System Warranty
 - g. Operation & Maintenance Services Contract
 - h. Battery Storage Services Agreement
 - i. Asset Management Agreement
 - j. Sublease
2. Planning and Environmental Approvals
 - a. Gannawarra Solar Farm Planning Approval
 - b. Gannawarra Solar Farm Endorsed Plans
 - c. Environmental Management Plan
 - d. Landscape Management Plan
 - e. Traffic Management Plan
 - f. Fire Management Plan
 - g. Gannawarra Solar Farm Endorsed Plans amended for GESS
3. Land ownership and access arrangements
 - a. Gannawarra Solar Farm Land Lease
 - b. GESS sub-lease
4. Insurance Certificates of Currency
 - a. Construction Third Party Liability
 - b. Contract Works Material Damage and Delay in Start Up
 - c. Marine Transit and Marine Delay in Start Up
5. AEMO Letter (proposed performance standards)
6. Energy Safe Victoria
 - a. Correspondence between RCR and ESV
7. Compliance and Risk Registers
 - a. Gannawarra Solar Farm Compliance Register
 - b. GESS Risk Management Plan
8. Financial Model
 - a. Gannawarra Solar Farm – Financial Model Summary

9. Business Plan
 - a. GESS Business Plan
 - b. Gannawarra Energy Storage System: Independent Engineer's Due Diligence Report
10. Funding Documentation
 - a. Equity Commitment Letter Edify
 - b. Equity Commitment Letter Wirsol
11. Experience of key personnel: Edify Energy – Asset Manager
12. Certificates of Incorporation
13. GESS Balance Sheet as at 31.03.2018
14. WHS Management Plan
15. Statutory Declarations
 - a. Declaration that information provided is true and correct
 - b. Declaration that directors have not been disqualified and no prosecutions have commenced