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## **SOCIAL ENERGY AUSTRALIA PTY LTD**

### **APPLICATION FOR AN ELECTRICITY RETAILER AUTHORISATION ESSENTIAL SERVICES COMMISSION**

#### **Introduction**

Social Energy Australia Pty Ltd (**Social Energy**) is an independent, privately owned Australian proprietary start up Energy Company. Social Energy applies to the Essential Services Commission (**ESC**) for a retail authorisation for electricity.

#### **Section 1 - Information on the applicant and nature of the application**

Legal name: Social Energy Australia Pty Ltd

Trading name: Social Energy

ABN: 75 631 510 042

Website: [www.social.energy](http://www.social.energy)

Registered business address: Level 38, Tower 3, International Towers Sydney, 300 Barangaroo Avenue Sydney NSW 2000.

Office Address: Level 13, 485 Victoria Avenue Chatswood NSW 2067

Postal Address: PO Box 5553, West Chatswood NSW 1515

Contact person: Christopher Parratt

Position: Managing Director Australia and New Zealand

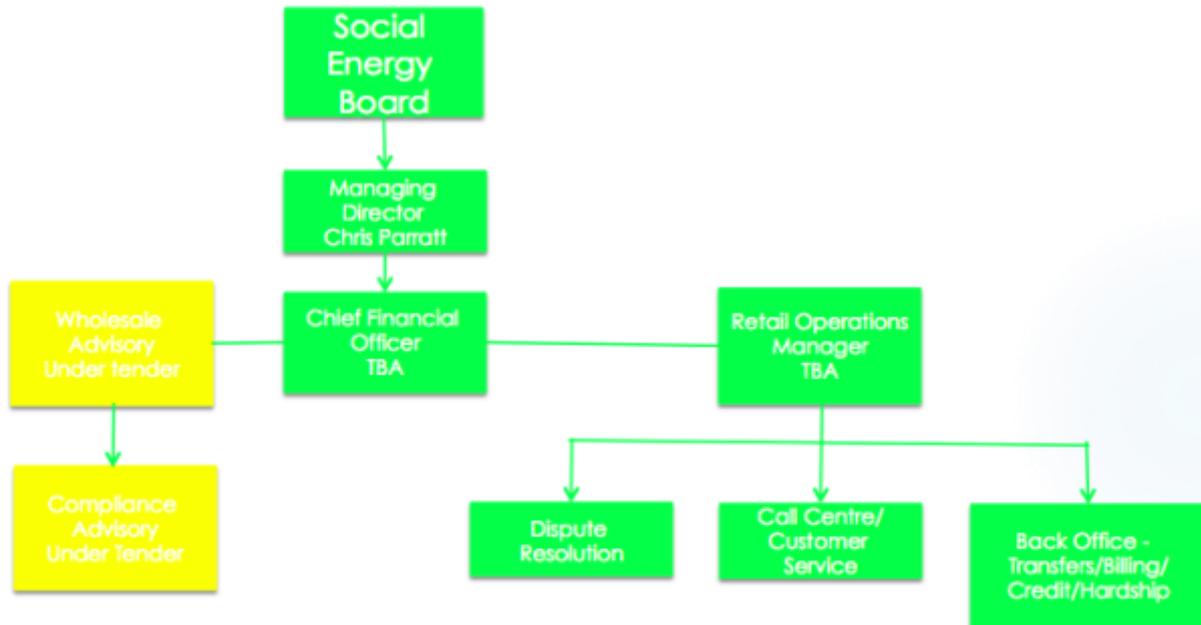
Phone: [REDACTED]

Email: [REDACTED]

Incorporation details (including a copy of the applicant's Certificate of Registration, Corporation's Constitution): Please see documents as required attached as attachment 1.

Diagram of corporate structure: A diagram outlining the global corporate structure of Social Energy can be found as attachment 2.

Diagram of local organisational structure:



Social Energy understands that it has additional resources to recruit. Social Energy will look to recruit experienced energy resources in both the CFO and Retail Operations roles before it commences its retail operations. Given Chris' local energy experience and network this process has already commenced and will be completed in time before Social energy commences its retail operation.

A short summary of key personnel: Social Energy has established an experienced team of energy professionals to set up its business in Australia. Key appointments are outlined below –

#### **Chris Parratt (Managing Director Australia/New Zealand)**

Chris has been an experienced executive manager within the energy industry in Australia for over 12 years. Chris spent 4 years in General Management with retailer ERM Power and has recently filled the role of Managing Director of Sonnen Australia. Chris brings a wealth of retail energy experience to Social Energy to ensure a seamless set up and running of retail operations.

#### **Les Henderson (UK Officer)**

Les has only just joined Social Energy as the CTO, his responsibilities are to lead core and digital technology solutions, he is passionate about leveraging technology to drive business value.

Les has a wealth of experience in leading system and technology developments for utility companies which will help to shape the company's market launch in Australia and drive operational and technology excellence through Social Energy's products and services.

Prior to joining Social Energy, Les was the IT and Transformation Director at Good Energy in the UK where he was responsible for delivering all aspects of technology infrastructure and application services for over 300 employees and delivering digital self-service capabilities to 250k customers. Les has also held various senior technology roles at Wincanton, SSE and SGN.

**Lizzie Heron – Managing Director Social Energy Supply UK**

Lizzie has nearly 20 years' experience in Utilities and Telecoms. Leading high-performance teams to deliver exceptional customer experience to both a domestic and commercial customer base. She has in excess of 10 years in Global Executive Leadership positions - delivering business growth of between 25-50% through exceptional customer service and operational performance.

Lizzie is highly experienced at leading technical transformation in Utilities; providing leading edge digital solutions for the customer. Most recently improving customer service alongside reducing operating expense. She heads up Social Energy's Retail Operations for electricity and gas in the UK. Prior to Social Energy she was Director of Customer Service and Operations for 3 years at Ecotricity.

**Details of all contracts and agreements for outsourced services that are either under negotiation or to be entered into by the applicant to facilitate the conduct and operation of the electricity business. Contracts with related parties are especially relevant and must be provided in full as applicable or as requested by the Commission:**

Social Energy will be relying on the services of the external service providers to support its electricity retail business in the Jurisdictions and ensure it has the technical capacity to ensure all obligations are met as an authorised retailer:

- (a) Outsourced functions and activities: customer accounts, billing and document management

Social Energy has begun its tender process with a number of billing system, back office and front office services providers to ensure that it partners with an experienced provider in this space.

Key requirements Social energy is looking at when reviewing its potential partner:

- (1) to establish and manage customer accounts;
- (2) to provide customers with notices and other documentation;
- (3) to undertake customer billing;
- (4) to store and manage documents;
- (5) Have the option to manage back life cycle exceptions from customer on boarding through to customer churn out with everything in between (billing/life support/credit management); and
- (6) Option to provide at scale customer service and dispute resolution handling should Social Energy choose this option.

Social Energy will not enter the retail market without a contract in place and expects to be through its tender process before the end of July this year.

Under the Master Services Agreement between Social Energy and its chosen billing service provider, the following controls will be put in place to ensure compliance with the NERL and the National Energy Retail Rules (**NERR**):

Provider:

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- (1) must make available to Social Energy such technical capacity as the provider may have and which Social Energy requires to meet its obligations as an authorised electricity retailer;
  - (2) must provide all information and reasonable assistance required by Social Energy in order for Social Energy to discharge its regulatory obligations; and
  - (3) must be obliged to perform its services to a professional standard and in accordance with good industry practice.

(b) Outsourced functions and activities: compliance advisory

Social Energy has begun a tender process to look at possible Compliance firms to advise it in relation to compliance with energy retail regulatory requirements and contractual matters.

Information on a potential key Compliance partner can be found as attachment 3.

(c) Outsourced functions and activities: Wholesale Advisory

Social Energy is currently vetting potential wholesale management partners to advise it in relation to wholesale risk and to participate as part of Social Energy's trading and risk advisory board.

Information on a potential key wholesale partner can be found as attachment 4.

If a non public company, trust or other non public entity, details of the names and addresses of shareholders, unit holders, beneficiaries or others having an Interest in the entity: Please see attached declaration outlining details of shareholders and key staff. This can be found as attachment 5.

Details of any prosecutions or regulatory complaint commenced against the applicant or any other company or person related to or associated with the applicant as defined by reference to the Corporations law or any key personnel in any jurisdiction, and the results or status of such prosecutions or complaints: There are no such complaints or prosecutions recorded against the applicant or any person or company associated with Social Energy.

Type of Licence sort: Electricity retail –Small and medium customers <160 Mwh

Date from which Licence is sort: March 25<sup>th</sup>

Nature and scope of operations for which the licence is sought: Social Energy Australia is seeking a full Victorian Electricity Licence and is not seeking any non-standard licence conditions. Social Energy will begin retailing to residential and small business customers initially and is anticipating commencement of retailing activities in Victoria in January 2019 or from a date when all applicable regulatory obligations have been fulfilled.

Details of current or former licences held/Previous unsuccessful licence applications sought in this and/or other jurisdictions: Social Energy and its associated entities have not previously held a retail licence in Victoria or any other jurisdiction. Social Energy UK holds and supplier licence in the UK governed by OFGEM.

## **Section 2 The Commissions objectives**

The granting of an electricity retail licence to Social Energy would be consistent with the objectives of the Commission set out ins.10 of the Electricity Industry Act 2000 and s.8 of the Essential Services Commission Act 2001.

Promoting the long-term interests of Victorian Customers:

Social Energy has been developing a customer value proposition that not only provides a cost-effective retail solution to small customers but also is aimed at contributing to the growing solar PV footprint in a meaningful, different and sustainable way with a focus on compliance and quality of service. Buoyed by our set up and entry into the UK market we believe that Social Energy's offering is a true disrupter with a point of difference that will be in the best interests of Victorian customers.

Facilitating efficiency in regulated industries and the incentive for efficient long-term investment:

Social Energy's business model utilises industry best practice, tier one relationships (see our partnership with Duracell in the UK) and a proven business model and customer service operations, leveraging off existing experienced senior retail management resources that will be complemented by an experienced local team. This will ensure continuing efficiency in the Victorian electricity sector.

Facilitating the financial viability of regulated industries:

Social Energy's retail strategy is to leverage its proven business model as well as robust financial management, with a strong focus on managing risk. The attached business plan and Risk Policy (attachment 6 and 7 respectively) demonstrate commitment in this area. Social Energy is already working with AEMO to facilitate its business strategy to ensure that it delivers its processes in line with market requirements. Considering Social Energy's customer value proposition is primarily driven around wholesale management is a key indicator of Social Energy's serious approach to facilitating the financial viability of this regulated industry.

Preventing the misuse of monopoly or non-transitory market power:

Social Energy's value proposition is a truly unique service offering to consumers. By adding Social as a retail market player to the electricity retail market in Victoria will ensure that customers have a wider choice of options from an independent, Australian based utilities provider. As Social Energy's proposition is driven not only by efficient pricing, service and lean operations but also key new technologies, Social Energy truly adds a point of difference to consumers.

Facilitating effective competition and promoting competitive market conduct:

Social energy is not aiming at coming into the market through discount driving with no major point of difference. Social Energy is offering a truly disruptive model. The granting of a retail licence will demonstrate an ongoing commitment to supporting the entrance of new retail companies in a competitive market and a diversification of products and option that consumers can choose from.

Ensuring that users and consumers (including low income or vulnerable customers) benefit from the gains from competition and efficiency:

By providing a truly unique offering, the granting to Social Energy of a retail licence by the Commission will ensure that all consumers can benefit from not just increased competition and efficiency but also a diversity of competition where consumers can access efficient pricing through the integration of technology with the market.

Promoting consistency in regulation between States and on a National basis:

Social Energy intends to expand its range of services on a national basis. As such, most of the governing principles and associated documents will be amended for other jurisdictions, where appropriate. Social Energy will play an active role in the development of its business and industry representation, on an ongoing basis.

Promoting a consistent regulatory approach within the electricity industry:

Under the structure of Social Energy UK Social Energy Australia intends to pair market experience with sound management practice and policy to act and apply a consistent approach to managing its obligations as an on market retail player in the industry. As it builds out its local operational team Social Energy will look to recruit people and set partnerships with those that have had significant experience in this area.

Promoting the development of Full Retail Competition:

Social Energy will introduce competitive pricing, honest and simple customer interactions, transparent technology and compliant processes and systems to ensure the ongoing development of FRC in Victoria. Adding Social Energy as a licensed electricity retailer supports the Commission's objectives.

### **Section 3 Information on Financial Viability**

Social Energy is currently in the middle of an intense period of capital raising. To this end its application its application for a retail licence is subject to finance. Having said this as a part of attachment 8 Social Energy will provide the following:

- Year on Year financial reports from Social Energy UK
- Balance sheet and financial data (that is available)
- Any significant contracts in place
- A 5-year financial forecast model with attending Business Plan
- A shareholder register

Australian Financial Services License: Social Energy intends to start this process as soon as possible and is current going through a tender process to assign its application process to an experienced third party upon receipt of its license.

Energy ombudsman schemes:

As a licensed electricity retailer, Social Energy understands that it must join the relevant Ombudsman scheme for the jurisdiction it intends to retail in. Evidence of the beginning of this process can be found as attachment 9.

Arrangements with other market participants:

- AEMO Registration
- ASX Austraclear participation
- Distributors and meter service providers

Social Energy understands the need to connect with each participant/counter party before commencing retail operations. To this end Social Energy has reached out to some of these participants (mostly networks at this point) as evidenced by attachment 10.

### **Section 4 - Information on technical capacity**

Internal controls, policies and Procedures:

#### Compliance Management:

Social Energy is committed to developing and maintaining a high-quality culture of compliance with demonstrated compliance processes and procedures. The processes and systems required for compliance are part of the group management systems and will ensure continued compliance with not only the applicable codes and guidelines but also additional obligations contained in the Australian Consumer Law, Victorian Fair Trading Act and the Competition and Consumer Act. The collection of Procedures for Social Energy is included as Attachment 11.

#### Risk Management:

Social Energy has compiled a detailed policy covering Risk Management – incorporating wholesale electricity trading risk management amongst other key structures required for a sound risk management approach. Although the business plan confirms a controlled and cautious initial growth plan, the key risks associated with operating a retail business have been identified and the Board has endorsed a detailed Risk Management Policy. This policy will continue to be relevant, through regular reviews and updates, where appropriate.

#### Complaints Management:

Social Energy understands that customer complaints are a barometer for its customer value proposition and operational and compliance efficiency. To this end Social Energy developed policy and procedures for the handling of customer complaints that will be implemented in its electricity retail business. All complaints are taken seriously, handled swiftly and with sensitivity. A copy of Social Energy's dispute resolution policy can be reviewed as attachment 12.

#### Privacy:

Social Energy has developed a Privacy policy to ensure the required confidentiality is maintained of all interactions – voice, written and web based. This policy can be reviewed as attachment 13.

#### Customer Management:

All customers are required to provide Explicit Informed Consent before entering into a contract with Social Energy. A comprehensive process involving sales calls, online verification, third party verification (where required), quality assurance and consent auditing will be applied. All TPV and QA calls to each customer are voice recorded and attached to the customer file in the CRM system. All documentation relating to retail customers will be retained in a secure environment for a period of at least 7 years.

#### Terms and Conditions:

A template Terms and Conditions for small customers has been prepared and is included as Attachment 14. These are and will continue to be compliant with the applicable Codes and Guidelines.

#### Training

Social Energy is developing a training program, which will be mandatory for all staff involved in customer interaction. The training program covers the important topics of compliance, customer hardship, complaints and privacy. This program is being designed to be in line with all key regulations and guidelines and ensure that all staff has the appropriate tools and knowledge to distil their functions in line with overall obligations. This mandatory training will be part of induction processes and will be updated and refreshed from time to time. There are knowledge-based tests within the training and minimum levels must be achieved to demonstrate understanding. All training records are kept with the individual personnel records.

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Additional Evidence/Information: Please see attached as attachment 15 further documents and process that illustrate Social Energy's understanding of its requirements as an on market retail operation as well as the internal controls and procedures that it will be putting in place. These include:

- Hardship and Credit Policies and processes
- Life Support process
- Billing template
- Customer Charter

## **Section 5 – Management systems/Retail Systems and Services**

Retail Systems: Social Energy at this stage plans to carry out all necessary operational retail functions internally. It will support its business with Wholesale and Compliance Advisory as previously advised. It will be outsourcing its billing and CRM system requirements. As previously mentioned Social Energy is currently going through a tender process for a suitable billing partner. This billing partner will be experienced at operating within the Australian market. The business will manage the interaction with market participants and counterparts, with a proven suite of retail systems from one of these providers.

To supplement the implementation and integration of the chosen billing partner, Social Energy may utilise existing, proven in-house systems for third party verification, quality assurance, customer records management and data management. All such systems will be utilised to ensure all data is used and maintained in line with Social Energy's Privacy policy and any other related policy or regulatory requirement.

Website: The current website for Social Energy UK is - <https://www.social.energy/>. Social Energy Australia is currently developing its website which will demonstrate its range of products and services and allow current and prospective customers to utilise on line services such as sign up, customer service portal and ensuring transparent access is available to all key customer information including all important customer policies.

## **Section 6 - Other Key Business Requirements**

As mentioned previously, Social Energy understands that it needs to ensure before retail operations begin, that it has all of its important relationships set up. These include –

AEMO Registration:

Social Energy will engage with AEMO and lodge its application for Market Participant upon receipt of its license. As per the AEMO process this cannot commence until a license authorisation has been granted (the evidence of a licence being the first thing that they ask for). The approval of any such application will not be completed until after the granting of an electricity licence. Social Energy understands that this process will include the set up of processes around managing its prudential margin credit support and its Maximum Credit Limit (MCL). As a part of its wholesale advisory tender process Social energy is aware and understands its obligations in this area and has financially modelled them accordingly.

ASX Austraclear Membership:

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Again this process requires a granted Licence to commence the process and goes hand in hand with the AEMO application process. Social Energy will engage with Austraclear upon the granting of its licence. Social Energy has already sought advice on this process from experienced people in the market who have gone through this process recently.

EWOV:

Social Energy has made contact with EWOV already. Evidence of this has been provided as outlined previously. This process cannot be completed until the licence is granted.

Department of Human Services:

Social Energy is aware that it will need to set up its concession process with DHS and will enter into any required Community Services Agreement for the provision of concessions to eligible customers.

Distribution Companies:

Social Energy has made contact with some Distribution network companies already. Evidence of this has been provided as outlined previously. This process cannot be completed until the licence is granted. Social Energy will continue to make contact with all 5-network companies as it sets up its processes.

### **Section 7 – Fit and Proper person**

1. Social Energy can confirm that no directors of the applicant or of any entity that can exert control over the applicant:

- (a) been declared bankrupt
- (b) had their affairs placed under administration
- (c) been disqualified from managing a company.

2. Social Energy can confirm that no 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 been subject to:

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

3. Social Energy can confirm that no 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 been charged with fraud, theft or any other criminal offence.

4. Social Energy can confirm that none of the directors of the applicant, any related body corporate, or any person with significant managerial responsibility or influence on the applicant been involved in any material breaches of obligations regulated by the Essential Services Commission.

5. Social Energy can confirm that 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 been prosecuted for any offences or had any enforcement action taken under any state, territory, Commonwealth or foreign legislation (including, but limited to, the

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Competition and Consumer Act 2010 (Cth), Corporations Act 2001 (Cth), or the Australian Securities and Investments Commission Act 2001 (Cth)).

6. Social Energy can confirm that 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 had restricted, suspended or revoked any such licence.

**Section 8 – Statutory Declaration (See signed attachment)**

I, \_\_\_\_\_ (name, address and occupation of person making the statutory declaration), make the following statutory declaration under the Oaths and Affirmations Act 2018:

1. The information contained in this application, and attachments thereto upon which I have placed my signature, for the grant of a Electricity licence under the Electricity Industry Act 2001 is true and correct
2. There are no likely changes in the structure, operation or financing of Social Energy or the licensed activity that could materially affect its financial viability.

I declare that the contents of this statutory declaration are true and correct and I make it knowing that making a statutory declaration that I know to be untrue is an offence.

.....  
Signature of person making this statutory declaration in the presence of the authorised statutory declaration witness.

Declared at \_\_\_\_\_ in the State of New South Wales on \_\_\_\_\_.

I am an authorised statutory declaration witness and I sign this document in the presence of the person making the declaration:

.....  
Signature of authorised statutory declaration witness on \_\_\_\_\_ (full name and personal or professional address of authorised statutory declaration witness in legible writing, typing or stamp)

(qualification as an authorised statutory declaration witness)

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A person authorised under section 30(2) of the Oaths and Affirmations Act 2018 to witness the signing of a statutory declaration.

\*I confirm that reasonable modifications were used in preparing this statutory declaration and that the contents of this statutory declaration were read to the person making the statutory declaration in a way that was appropriate to the person's circumstances.

.....  
Signature of authorised statutory declaration witness

**Section 9 - CONFIDENTIAL ATTACHMENTS**

1. Incorporation details
2. Corporate structure and relationships
3. Potential Compliance partner Information (to illustrate Social Energy's ability to connect with the right parties)
4. Wholesale partner information
5. Declaration of address – Key staff/Shareholders
6. Business Plan
7. Risk Policy
8. Financial information
9. Ombudsman contact evidence
10. Participant contact evidence (networks)
11. Compliance documents
12. Complaints Policy
13. Privacy Policy
14. Terms and Conditions
15. Additional process/policy documentation examples