

Electricity Industry Act 2004
Energy Coordination Act 1994
Water Services Licensing Act 1995

Electricity, Gas and Water Licence Application Form

Introduction

Licence applications to the Economic Regulation Authority (Authority) are submitted under the provisions of the *Electricity Industry Act 2004*, the *Energy Coordination Act 1994* and the *Water Services Licensing Act 1995* (**Electricity Act, Gas Act and Water Act**). Applicants should be aware of the Electricity, Gas and Water Acts' licensing provisions. While, the Authority can assist an applicant in preparing an application and provide advice in relation to the information required as part of the licensing process, it is the responsibility of the applicant to ensure that the application complies with the Electricity, Gas and Water Acts as appropriate to the type of application. The application should consist of this form and attachments addressing the information required to support the application as set out in the application guideline. All information including plans should be submitted to the Authority in duplicate, together with 3 electronic copies of the whole application. The application fee must accompany this application.

If the applicant comprises more than one legal person (e.g. a Joint Venture), the information required for this application is to be provided for each person.

The Authority is bound by its obligations relating to confidential information in the *Public Sector Management Act 1994 (WA)* and the *Economic Regulation Authority Act 2003 (WA)*.

Accordingly, the Authority has a very strict privacy policy regarding sensitive business and commercial information which is provided to the Authority as part of an application for a licence.

The Authority is bound by the *Freedom of Information Act 1992 (WA)* (FOI Act). Section 33 of the FOI Act requires that the Authority must consult with the party who has provided it with commercial or business information before providing access to this material to a third party.

Further, the Authority will not provide information to a third party applicant under the FOI Act if the disclosure:

- would reveal trade secrets of a person;
- would reveal information (other than trade secrets) that has a commercial value to a person and disclosure could reasonably be expected to destroy or diminish that commercial value; or
- would reveal information about the business, professional, commercial or financial affairs of a person and disclosure could reasonably be expected to have an adverse effect on those affairs or to prejudice the future supply of information of that kind to the Government or to an agency.

Finally, under the FOI Act, if the Authority resolves to release information containing commercial or business interests of a party than that party can ask the Authority to review the decision internally or may also have the decision reviewed by the Information Commissioner. The Information Commissioner's contact details are:

The Information Commissioner
Office of the Information Commissioner
The Department of Premier and Cabinet
12th Floor, St Martin's Tower
44 St Georges Terrace
PERTH WA 6000
Phone Number: (618) 9222 7888
Fax Number: (618) 9325 2152
Country callers: (tel) 1800-621-244 (WA only)
E-Mail Correspondence: info@foi.wa.gov.au

Web: <http://www.foi.wa.gov.au>

For this reason, the Authority recommends that applicants identify documents that may fall within the provisions of section 33 of the FOI Act which contain:

- information (other than trade secrets) that has a commercial value to the business; or
- any other information concerning the business, professional, commercial or financial affairs of the business.

Accordingly, the Authority seeks the applicant's views as to whether the documents contain matter that is exempt matter under clause 4 of Schedule 1 of the FOI Act. If the Authority decides that this matter is an exempt matter the Authority will refuse access to the documents by any third parties.

Applicant Details

| Applicant Details | |
|--|--|
| Name | COMMUNITY ELECTRICITY PTY LTD |
| Registered Office (if a Corporation) | C/O WHITINGS CHARTERED ACCOUNTANTS 7 BURGAY COURT OSBORNE PARK WA 6017 |
| Principal Place of Business (if different from Registered Office) | NA |

| Contact Details | |
|----------------------|--------------------------------------|
| Primary Contact Name | DR STEVE GOULD |
| Mail Address | GPO BOX 909 WEST PERTH WA 6872 |
| Email | steve@eurekaelectricity.com |
| Telephone | NA |
| Mobile | 0408 005 321 |
| Fax | NA |

| Company Structure | |
|---------------------------------|--------------------------------|
| ABN or ACN | 161 698 004 |
| Legal Nature of applicant | AUSTRALIAN PROPRIETARY COMPANY |
| Place of Incorporation | AUSTRALIA |
| Company Directors or Principals | STEPHEN GEORGE GOULD |
| Entity's Core business profile | ELECTRICITY RETAILER |

| | |
|---|------|
| | |
| Associated and/ Controlled entities or | NONE |

Electricity Licences

| Classification of the Electricity Licence Application | | |
|---|---|----------------------|
| Type of Licence Application | Generation <input type="checkbox"/> Transmission <input type="checkbox"/> Distribution <input type="checkbox"/> Retail <input checked="" type="checkbox"/> Integrated Regional <input type="checkbox"/> | |
| For Generation and Integrated Regional Licences | Installed Capacity | <u>NA</u> megawatts |
| For Transmission and Integrated Regional Licences | Transmission System Length | <u>NA</u> kilometres |
| For Distribution and Integrated Regional Licences | Distribution System Length | <u>NA</u> kilometres |
| For Retail and Integrated Regional Licences | Number of large use customers | <u>< 100</u> |
| For Retail and Integrated Regional Licences | Number of small use customers | <u>NONE</u> |

Gas Licences

| Classification of the Gas Licence Application | | |
|---|---|------------------|
| Type of Licence Application | Distribution <input type="checkbox"/> Trading <input type="checkbox"/> | |
| For Distribution Licences <i>SS</i> | Distribution System Length | _____ kilometres |
| For Trading Licences | Number of small use customers | _____ |

Water Licence(s)

| Classification of the Water Operating Licence Application | | |
|---|--|-------|
| Type of Licence Application | Water Supply (Potable) <input type="checkbox"/> Water Supply (Non-Potable) <input type="checkbox"/> Drainage Services <input type="checkbox"/> Irrigation Services <input type="checkbox"/> Sewerage Services <input type="checkbox"/> | |
| For all Water Services Operating Licence Classifications | Water System Length <i>eg</i> _____ metres/kilometres (delete as applicable) | |
| For all Water Operating Licence Classifications | Number of standard agreement customers | _____ |
| For all Water Operating Licence Classifications | Number of non - standard agreement customers | _____ |

Summary Description of Licence Activity

| Corporate Structure | |
|--|--|
| Brief description of the applicant's structure and key organisational relationships | SOLE SHAREHOLDER, DIRECTOR AND SECRETARY |
| Services/service model | |
| Brief description of service(s) or service model intended | ELECTRICITY RETAILER |
| Service infrastructure/works | |
| Brief description of service infrastructure/works | NA |
| Other regulatory approvals | |
| Provide summary information on status of other essential regulatory approvals required | NA |

Areas to be covered by the licence

| Designated area of the Licence Application | | | | | | | | | | | | | | | | | |
|--|---|-------------|--------------------------|-----------|--------------------------|------------|--------------------------|------------|--------------------------|-------------|--------------------------|------------------------|--------------------------|------------------|--------------------------|-----------|--------------------------|
| Electricity licence Area(s) and/or address to be covered by this licence. | Licence Area name: <u>WESTERN POWER DISTRIBUTION SYSTEM</u> Address/location: _____ | | | | | | | | | | | | | | | | |
| Gas Supply Area(s) to be covered by this licence | <table border="0"> <tr><td>1 Kimberley</td><td><input type="checkbox"/></td></tr> <tr><td>2 Pilbara</td><td><input type="checkbox"/></td></tr> <tr><td>3 Gascoyne</td><td><input type="checkbox"/></td></tr> <tr><td>4 Mid-West</td><td><input type="checkbox"/></td></tr> <tr><td>5 Wheatbelt</td><td><input type="checkbox"/></td></tr> <tr><td>6 Goldfields-Esperance</td><td><input type="checkbox"/></td></tr> <tr><td>7 Great Southern</td><td><input type="checkbox"/></td></tr> <tr><td>8 Coastal</td><td><input type="checkbox"/></td></tr> </table> | 1 Kimberley | <input type="checkbox"/> | 2 Pilbara | <input type="checkbox"/> | 3 Gascoyne | <input type="checkbox"/> | 4 Mid-West | <input type="checkbox"/> | 5 Wheatbelt | <input type="checkbox"/> | 6 Goldfields-Esperance | <input type="checkbox"/> | 7 Great Southern | <input type="checkbox"/> | 8 Coastal | <input type="checkbox"/> |
| 1 Kimberley | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| 2 Pilbara | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| 3 Gascoyne | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| 4 Mid-West | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| 5 Wheatbelt | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| 6 Goldfields-Esperance | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| 7 Great Southern | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| 8 Coastal | <input type="checkbox"/> | | | | | | | | | | | | | | | | |
| Water Services Operating Area(s) and/or address to be covered by this licence. | Operating Area name: _____ Address/location: _____ | | | | | | | | | | | | | | | | |

Certification – Acknowledgement of Commitment

I declare that the information provided in this application is correct to the best of my knowledge and I am aware of the requirements under the Act for the licence being applied for and that I have the authority to make this application on behalf of the above entity.

Signed by or on behalf of the applicant⁷.

Name: STEPHEN GEORGE GOULD

Position: DIRECTOR

Signed: Steve Gould

Date: 25/1/13

⁷ If signed on behalf of the applicant, please attach the relevant authority to bind the applicant.

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Summary of Electricity Retail Licence Application

The Need for a New Style of Electricity Retailer

Community Electricity (“CE”) perceives that the electricity industry is witnessing the beginning of a new paradigm characterised by:

- Extremely high prices by historical standards due to recently introduced cost-reflective tariffs in combination with a carbon price. These high prices incentivise demand reduction, improved efficiency and installation of behind-the-meter generation at the place where the energy is to be consumed;
- Large penetration of solar PV embedded generation leading to displacement of the power system peak demand profile into summer evenings (and possibly ultimately into winter evenings);
- Low-to-negative energy consumption growth year-on-year; NOTE
- Low-to-negative electrical capacity demand growth year-on-year; NOTE
- Persisting over-capacity of electricity production;
- Availability of real-time energy prices and cost-of-supply signals for the first time via the new Balancing Market;
- Established and proven electricity market institutions with a specific mandate to promote competition and load management in order to achieve minimum sustainable prices at very high standards of reliability and power system security;

NOTE: a possible exception to this is large-scale mining projects that could instigate novel ‘block loads’. However, these are likely to be supplied by purpose-developed new generation.

Mission

Community Electricity provides bespoke electricity retail solutions on a fee for service basis to consumers and technology providers seeking to avail themselves of wholesale electricity prices and price signals while bearing their desired level of risk & return commensurate with their consumption choices.

Goals

1. To offer unique electricity retail solutions to Large Use Consumers of electricity and electricity-technology suppliers seeking to sell behind-the-meter products to end-users via fit-for-purpose regulation and compliance costs.
2. To provide electricity retail services that give traditional consumers their desired level of exposure to the opportunities, risks and benefits of the Wholesale Electricity Market.
3. To offer low-cost services by performing all major retail functions in-house and engaging specialist and professional contractors only on a fit-for-purpose basis.
4. To educate stakeholders on how the Wholesale Electricity Market works, the opportunities it affords and specific strategies for integrating with it at a range of risk-return choices.
5. To operate a Hardship Policy whereby the retail service is provided free of charge to businesses suffering financial hardship from time to time.

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6. To make the proportionately largest contribution of all Market Participants to the ongoing maintenance and development of the Wholesale Electricity Market through active participation in all public consultations and institutional initiatives. These include the ERA's Technical Rules Committee and the IMO's Market Advisory Committee and associated Working Groups.

Products & Services

- Facilitation of 'self-supply' by electricity consumers at pass-through of wholesale costs plus a Service Fee;
- Cost-of-supply consultancy to consumers and technology providers with specific applications;
- Retail and wholesale market consultancy to Market Participants seeking special solutions to unique situations;
- Facilitation of savings from peak capacity (IRCR)-reduction as an extension of or alternative to participation in a traditional Demand Side Management Program;
- Retail consultancy to prospective retailers and electricity producers, including obtaining a retail licence, retail functionality and assistance with compliance;
- Wholesale cost-of-supply assessment for arms-length consumers on consulting basis as a reality check on traditional retailer pricing;
- Facilitation of a Do-It-Yourself Retail Tender for consumers wishing to take a traditional electricity supply at best price;
- Consultancy to prospective generation developments;
- Bespoke invoicing function for boutique electricity suppliers and other entities for which retail electricity supply is a non-core function;

Community Service

CE's core ethos is to serve the community by aligning itself with and actively supporting development of the Wholesale Electricity Market Objectives, which are designed to provide optimal value-for-money electricity. The Market Objectives are:

- a to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- b to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- c to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- d to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- e to encourage the taking of measures to manage the amount of electricity used and when it is used.

Through its expertise, self-contained professionalism and personal service, CE will facilitate Large Use Customer take-up via the Wholesale Electricity Market of an industry-standard product at low fee and high consumer-benefits.

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CE will refund its Service Fee automatically on application by a client consumer self-certifying that it is experiencing financial hardship.

CE will participate in industry committees and consultations on an objective and non-conflicted basis in support of the Market Objectives.

Collaboration

CE will not compete with traditional retailers; it does not offer set-price products and it does not participate in customer tenders. CE supplements traditional retail offerings on a tailor-made basis to consumers wishing to participate directly in the Wholesale Electricity Market. This is especially attractive to clients wishing to modify their consumption behaviour and utilise behind-the-meter technologies to improve their value for money and risk & return.

Value Proposition

CE's clients are principally electricity consumers who:

- can achieve lower prices by taking direct supply from the Wholesale Electricity Market and responding to real-time price signals. It is realistic to reduce costs by 10 to 50% relative to the gazetted tariffs in the majority of cases depending on consumption and behavioural profiles;
- wish to install behind-the-meter generation and technology using the provider and technology of their choice;

Unique Service Proposition

CE is a self-contained specialist provider of low-cost electricity retail solutions to help clients benefit from the Wholesale Electricity Market. It has extensive experience, sound track-record and unique tried and tested Quality Assured retail systems in all functions of electricity retail. It is also a foremost participant in the committees overseeing development and evolution of the industry.

Experience and Track Record

CE's director possesses 20+ years experience in the electricity industry and has developed Quality Assured systems for all electricity retail functions. In Western Australia, he was the originating boutique retailer commensurate with the deregulation process in the late 1990s and developed retail systems for three of the current retailers. He has been a foremost contributor in the development of the electricity market since deregulation began, having participated at a senior level since being appointed to the Minister For Energy's Electricity Access Consultation Committee (EACC) in 2000. He currently serves on the IMO's Market Advisory Committee and the ERA's Technical Rules Committee.

CE also enjoys the participation of other experienced electricity market professionals, and mutually beneficial relationships with other market participants.

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Quality Systems

CE possesses Quality Assured procedures and analytical models for all aspects of retailing electricity based on 15 years' experience since the commencement of deregulation in Western Australia. In particular, CE possesses:

- A sophisticated cost-of-supply and tariff assessment model based on consumers' historical 30-minute consumption profile. This model also assesses the feasibility of participation in a Demand Side Management program and the merits of installing behind-the meter solar PV. The model is easily upgradeable to assess any style of behind-the-meter generation.
- A Quality-Assured invoicing system.
- A Quality Assured Account Management System for dealing with consumer enquiries.
- Quality Assured Procedures for verifying IMO and Western Power accounts.
- Detailed Financial Reporting Analytical models.
- The ability to generate analytical models for any purpose as required from time-to-time.

Serving the Public Interest

Grant of the licence will serve the public interest by promoting the Wholesale Electricity Market Objectives as follows:

- Market Objective a) “to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the SWIS”.

Grant of the licence will support this by:

- a. Increasing the uptake of behind-the-meter on-site distributed generation, thereby improving economic efficiency through avoidance of losses and reducing the use of network infrastructure (producing electricity where it is to be consumed);
 - b. facilitate the uptake of 3rd party electricity related services by giving end-users direct exposure to wholesale market price signals together with the ability to engage any service provider of their choice for whatever reason.
- b *Market Objective b) “to encourage competition among generators and retailers in the SWIS, including by facilitating efficient entry of new competitors”.*

Grant of the licence will support this by:

- a. facilitating behind-the-meter on-site distributed generation, enable generating technology providers to work with end-users without needing to develop non-core capabilities in electricity retailing, or be subject to the cost and complexity of regulatory compliance;
- b. Induce traditional retailers to minimise price offerings as alternatives to consumers ‘going it alone’ via access to the wholesale market.

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- c *Market Objective c) "avoid discrimination against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions".*

Grant of the licence will support this by:

- a. promoting the development and uptake of behind-the-meter on-site distributed generation, enabling the production of energy where it is used. Users are free to adopt their own criteria and utilise the technology of their choice (subject to compliance with the Technical Rules), be it renewable, financially-focussed, or sustainable (such as utilising production waste);
 - b. minimise greenhouse gas emissions by producing energy where it is used and avoiding network transportation losses;
 - c. promote sustainability by facilitating use of production waste as fuel.
- d *Market Objective d) "to minimise the long-term cost of electricity supplied to consumers from the SWIS".*

Grant of the licence will promote this by:

- a. facilitating end-user direct access to the Wholesale Electricity Market costs and price signals at a range of risk-return combinations;
 - b. facilitating participation in the financial benefits of Demand Side Management where such users are below the threshold for commercially viable participation in a certified DSM program. This entails the end-user operating as a behind-the-meter negative load (displacing the Individual Reserve Capacity Requirement charge) rather than as a scheduled pseudo generator (paid on the basis of MW capacity);
 - c. reducing the need for network investment and transportation losses by facilitating the production of energy where it is consumed.
- e *Market Objective e) "to encourage the taking of measures to manage the amount of electricity used and when it is used."*

Grant of the licence will promote this by facilitating end-user direct access to:

- a. the Wholesale Electricity Market energy costs and price signals so that consumers will be aware of their real-time energy price and its forecast evolution. This will enable them to plan the timing of their consumption so as to minimise cost;
- b. direct exposure to the Individual Reserve Capacity Requirement cost so that the cost of the system capacity requirement can be identified and compared with the costs of strategies for displacing it (such as load curtailment or installation of on-site generation).

In addition to promoting the Wholesale Market Objectives, grant of the licence will:

- f Make available to Large Use Consumers a Hardship Scheme;

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- g extend direct participation in the Wholesale Electricity Market to a greater number of stakeholders, both end-users and technology and service providers, without overly exposing them to a burdensome and complex compliance regime;
- h increase community understanding of the potential benefits of markets in general and promote the conceptual development and acceptance of markets for other services, such as water;
- i improve the standing of and confidence in the market institutions that have been created to reduce costs and improve service and choice (such as the IMO) through greater participation in those institutions. This will also diminish uninformed and destructive debate on their merits and on future industry structure (such as the re-merger of Verve and Synergy).

Applicant Details

Applicant: Community Electricity Pty Ltd
ACN: 161 698 004
Contact: Stephen Gould
Position: Director
Mobile: 0408 005 321
Email: Email: steve@eurekaelectricity.com
Postal: GPO Box 909, West Perth, WA 6872