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15 January 2018

Paul Reid  
Assistant Director Licensing  
Economic Regulation Authority  
PO Box 8469  
PERTH BC WA 6849

**APPLICATION TO AMEND ERL24 TO PERMIT SUPPLY TO SMALL USE CUSTOMERS**

Pursuant to section 21 of the *Electricity Industry Act 2004 (WA)*, please find enclosed an application and supporting documentation for the amendment of the Electricity Retail Licence ERL24 to allow Cleantech Energy to supply electricity to small-use business customers who consume between 50MWh and 160MWh per year on the SWIS grid.

Cleantech Energy requests that the Economic Regulation Authority approve this amendment request as soon as is reasonably possible. Given that Cleantech Energy is an active retailer in the WA electricity market, it is important that we are able to expand our scope to supply to all contestable business customers on the SWIS grid in order to reach the full potential of our business.

By granting this amendment, it will allow Cleantech Energy to serve its customers better by being able to supply to all of a customer's contestable sites and to bid on tenders where this is a requirement. It will help to offer protection to the long-term finances of Cleantech Energy, as the loss of a small-use customer will have a far less impact than that of a much larger customer. Further to this, it will promote greater competition in the WA energy market which will ultimately decrease costs to the end-user, improve on the grid's emission intensity and promote the uptake of innovative renewable energy solutions, as this is a key focus of the licensee.

Once this amendment has been granted, it will also allow Cleantech Energy to increase the number of permanently employed staff. We expect to be able to create roles for at least two more permanent employees within three months of approval of this licence, and at least one more within a year.

Cleantech Energy is a WA owned and operated company who supply electricity to business customers through the SWIS, as well as working directly with our customers to find ways of saving money through sustainable and innovative energy management strategies, which contributes to a flattening of the entire Network's load profile.

If you have any questions or requests for more information, please contact me on [REDACTED] or [REDACTED]

Best Regards,

[REDACTED]

Shannon Hewitt  
General Manager

## APPLICATION SUMMARY

### *4.1.1 Identity of applicant and a description of its structure and key organisational relationships*

CleanTech Energy Pty Ltd (CleanTech):

- is a proprietary limited private company incorporated in Australia;
- has no operations or associated businesses in countries other than Australia;
- is wholly owned by the three Directors;
- has no subsidiary companies; and
- has no other associated and/or controlled entities

Directors: Christopher Armstrong  
Joseph Oliver  
Hamish Jolly

### *4.1.2 A description of the service(s) or service model intended*

CleanTech Energy will service all contestable business energy users within the South West Interconnected System ("SWIS") through individually tailored electricity solutions, primarily including:

- the purchase of electricity generated by customers which own and operate small scale power plants, to then be sold onto the Wholesale Electricity Market ("WEM");
- the export of electricity from the WEM as required by customers; and
- assistance with managing the electricity consumption profiles of customers to align with the supply and demand factors affecting the WEM.

### *4.1.3 A description of the service infrastructure/works involved*

CleanTech will utilise infrastructure owned and operated by the customer and/or Western Power. CleanTech does not intend to build, own, or operate its own infrastructure.

### *4.1.4 A description of the supply areas*

Supply will be to all contestable business customers on the SWIS grid.

### *4.1.5 Information on the status of other essential regulatory approvals required*

CleanTech Energy currently hold retail licence ERL24 for the supply of electricity to Large-Use Customers.

With regard to the requirement for an Electricity Generation license, any electricity generated by the customer and purchased by CleanTech will fall under the Electricity Industry Exemption Order 2005 (as all generating works will remain below 30MW).

As each new customer is contracted, Registration with the AEMO as a Market Participant with a new connection point is likely to be required.

Western Power approvals for any SWIS connection points, although not necessarily a "regulatory approval", will also be required to facilitate participation in the WEM.

#### *4.1.6 Not contrary to public interest information*

The granting of a Small-Use electricity retail license to CleanTech Energy Pty Ltd will serve to benefit the public interest.

### **CORPORATE INFORMATION REQUIRED**

#### *4.2.1 a) Identity of applicant including ABN or ACN*

Applicant: CleanTech Energy Pty Ltd  
ACN: 603 595 704  
ABN: 26 603 595 704

#### *4.2.1 b) Address and contact details for the applicant including a primary contact person*

Site Address: Level 7, 172 St Georges Tce, Perth WA 6000  
Postal Address: PO Box 7175, Cloisters Square, WA 6850  
Tel: (08) 6364 0835  
Fax: (08) 6444 1715  
Email: [info@cleantechenergy.com.au](mailto:info@cleantechenergy.com.au)

Primary Contact: Shannon Hewitt  
General Manager  
0449 999 288  
[shannon.hewitt@cleantechenergy.com.au](mailto:shannon.hewitt@cleantechenergy.com.au)

#### *4.2.1 c) Entity profile including a description of core activities*

CleanTech Energy Pty Ltd was incorporated on 8<sup>th</sup> January 2015.

CleanTech Energy currently has six employees, including three Directors.

The core activity of CleanTech will be to service all contestable business electricity users within the SWIS through individually tailored electricity solutions.

#### *4.2.1 d) Description of company type*

CleanTech Energy Pty Ltd is a private company limited by share capital, incorporated in Australia.

#### *4.2.1 e) A list of all company directors or principals of the applicant*

Directors: Christopher Armstrong  
[chris.armstrong@cleantechenergy.com.au](mailto:chris.armstrong@cleantechenergy.com.au)  
0406 159 704

Joseph Oliver  
[joe.oliver@cleantechenergy.com.au](mailto:joe.oliver@cleantechenergy.com.au)  
0412 378 018

Hamish Jolly  
hamish.jolly@cleantechenergy.com.au  
0417 849 199

#### *4.2.1 f) Description of company ownership*

Percentage of ownership by Director:

Christopher Armstrong	30%
Joseph Oliver	35%
Hamish Jolly	35%

#### *4.2.1 g) Articles of association and registration details for the applicant and associated or controlled entities*

Please see Appendix A for a copy of CleanTech Energy Certificate of Company Registration

#### *4.2.2 A list of any associated and/or controlled entities, and a description of control exercised*

CleanTech Energy Pty Ltd has no parent company or other associated and/or controlled entities.

#### *4.2.3 A statutory declaration from the company directors or principals of the entity that they have not been or would not be disqualified under the Corporations Act 2001 (Cwlth) from managing corporations*

Please see Appendix B for statutory declarations from each of the three Directors.

#### *4.2.4 A declaration certifying that the information provided is correct (included in Appendix 1 of this guideline)*

Provided at the end of this document as Appendix 1

### FINANCIAL INFORMATION REQUIRED

#### **CURRENT FINANCIAL POSITION**

##### *4.3.1 Most recent audited general purpose financial reports*

Included as Appendix C and is confidential.

##### *4.3.2 For new entities, financial information which demonstrates that the applicant has an acceptable financial standing/capacity commensurate with its potential financial exposure*

N/A - CleanTech Energy is not a new entity

##### *4.3.3 Where the applicant is a subsidiary company, financial reports for the parent company*

N/A - CleanTech Energy is not a subsidiary company

##### *4.3.4 Copies of any information submitted to ASIC under chapter 2M of the Corporations Act 2001 (Cwlth) over the past three years*

N/A – CleanTech Energy was not required to submit information to ASIC as per chapter 2M of the *Corporations Act 2001*

#### *4.3.5 Declaration from independent auditor or principal financial institution*

Please see Appendix D for a written declaration from CleanTech Energy's external accountant.

#### *4.3.6 Information about any risks to the applicant's financial position*

CleanTech Energy Pty Ltd is not aware of any risks to the company's financial position. CleanTech Energy Pty Ltd does not have any potential contingent liabilities or litigation as a plaintiff or defendant.

### **FINANCING**

#### *4.3.7 Evidence that the applicant is able to finance the assets and investment necessary to undertake the licensed activities*

Please see Appendix E for a current Bank Statement which is confidential.

CleanTech does not presently require any lenders to finance the application proposal or ongoing company operations.

Where bank guarantees and other upfront capital investment is required to implement individual customer solutions, commercial arrangements will be entered into with the customer for the provision of the required capital.

### **FINANCIAL PROJECTIONS**

#### *4.3.8 Intended services, related business activities and markets*

CleanTech will service all contestable business electricity users within the South West Interconnected System ("SWIS") through individually tailored electricity solutions, primarily including:

- the purchase of electricity generated by customers which own and operate small scale power plants, to then be sold onto the Wholesale Electricity Market ("WEM");
- the import of electricity from the WEM as required by customers; and

assistance with managing the electricity consumption profiles of customers to align with the supply and demand factors affecting the WEM.

Buying electricity from, and selling electricity onto, the WEM may involve participation in:

the Balancing Market;

the Short-Term Electricity Market; and

Bilateral Contracts.

#### *4.3.9 Projected revenue and expenditure figures for at least five years*

Included as Appendix F and is confidential.

#### 4.3.10 *Information about assumptions, risks and risk management strategies*

**Risk:** That the wholesale electricity price increases to above the fixed price which CleanTech will charge a customer during a contract period, thereby potentially making a loss on a contract.

**Management:** an increase in customer capacity, due to us obtaining this small-use licence, will allow us to purchase bilateral contracts, therefore giving us greater security of our profit margin.

Continual analysis of historical trends and price forecasts in the energy market will enable us to make informed decisions.

CleanTech will only offer short quote validity periods (14 days) and not quote if the start date is more than 3 months away, which will give us the ability to withdraw quotes if there is an abrupt change in market conditions. We plan to offer 1 year contracts (maximum 2 year if requested) for small-use customers.

**Risk:** A customer's load profile changes during the contract term which will significantly increase the network, capacity, or energy costs (per kWh).

**Management:** CleanTech are offering advice to our customers on how to manage their usage better.

CleanTech analyse four years of historical consumption data from our customers when quoting to give us enough confidence that their usage profile won't change by an unrealistic/unprofitable level

While we encourage the uptake of solar, batteries, etc, we have stated in our non-standard contract that the customer must obtain our approval before using such equipment, and this may lead to a change in rates.

**Risk:** That Western Power fees increase over the contract term.

**Management:** All Western Power costs are passed through to the customer.

**Risk:** BIOGAS01 power plant runs at lower capacity than forecasted.

**Management:** Returns sufficient to cover costs are embedded into both the purchasing as well as the selling of electricity to the customer.

### **FINANCIAL POLICIES**

#### 4.3.11 *Financial policies*

All purchases and financial decisions require the approval of two Directors, or one Director and the General Manager, other than general use items such as office stationary which requires the approval of either one Director or the General Manager.

#### 4.3.12 Pricing policies, methods and procedures

Pricing policies, methods and procedures will continue to be tailored to meet the individual requirements of each electricity customer.

Small-use customers will be on bundled pricing unless specifically requested by the customer to go on unbundled pricing. The prices will be based on our estimates of all regulatory charges and wholesale energy price forecasts based on their historical consumption. Small-Use customers will be priced in the same manner as our bundled large-use customers.

### TECHNICAL INFORMATION REQUIRED

#### ASSETS

##### 4.4.1 Description of the physical environment of the proposed activity and its immediate vicinity

We will retain our existing license operating area of the SWIS. A map of the SWIS is included as Appendix K.

##### 4.4.2 Description of the supply infrastructure and interconnected infrastructure systems

We will use our existing network access contract with Western Power.

##### 4.4.3 Construction schedule (where applicable)

Not Applicable.

##### 4.4.4 Details of the actual and proposed metering arrangements (where applicable)

###### a) Forecasts of annual maximum demand for each of the next five years

Year	2018	2019	2020	2021	2022
Peak Demand (kVA)	6,678	8,014	9,616	11,540	13,848

###### b) Agreements with network service providers

- Western Power is currently the only Network Service Provider on the SWIS, and CleanTech Energy already have permission to supply to large-use customers through retail licence EL24

###### c) Agreements with metering agents

- Western Power is currently the only Metering Agent on the SWIS, and CleanTech Energy already have agreements with them through our retail licence EL24

###### d) Arrangements for dealing with metering complaints and queries

- As CleanTech Energy is a small business, all complaints are escalated to the General Manager immediately. Our metering complaints process is stated on both our Standard Form Contract and Non-Standard Form Contract Terms and Conditions in accordance with the Code. The wording is: "The Customer may request that a test of the meter is performed, and CleanTech Energy will organise for the Network Operator to perform this work, and CleanTech Energy will pass through any costs associated with this. There will be no charge if the meter is proved to be faulty in accordance with the Network Operator's guidelines."

##### 4.4.5 Detailed description of asset management system (where applicable)

- a) Not applicable, as CleanTech does not propose to own or operate physical assets.
- b) Not applicable, as CleanTech does not own or propose to own or operate physical assets.

Sections 4.4.6, 4.4.7 and 4.4.8 are not required as this application is NOT for gas or water.

## CUSTOMER CONTRACTS

### *4.4.9 Proposed standard form contract for electricity (where applicable)*

Included at the end of this document as APPENDIX G

Sections 4.4.10, 4.4.11, 4.4.12 and 4.4.13 are not required as this application is NOT for gas or water.

## CUSTOMER INFORMATION

### *4.4.14 Evidence of compliance with relevant supply industry methods, quality, standards and codes including compliance with relevant consumer protection arrangements (where applicable)*

*a) A description of how customer accounts will be managed.*

All customers will have a dedicated account manager who has received training on the requirements for small-use customers as laid out in the Code.

Each customer will receive a copy of CleanTech Energy's *Small-Use Customer Information Pack* (included as APPENDIX H) which outlines their rights, and our responsibilities at the time we give them a quote.

Notes of any customer communications are recorded in a CRM system (Pipedrive), and each customer has a specific folder on CleanTech's online file storage system (Dropbox) for all paperwork, record keeping and regulatory requirements (Customer Consent, etc).

*b) Details on customer information provision policies (e.g. tariffs, fees and charges), customer consultation processes, account enquiries processes, payment arrangements and hardship policies and procedures, complaints and dispute resolution processes, account termination procedures and customer performance measures.*

All the required information is stated in each of our Standard Form Contract, and Non-Standard Form Contract Terms and Conditions combined with CleanTech Energy's *Small-Use Customer Information Pack* (included as APPENDIX H)

All the specific rates are clearly stated on the Electricity Supply Agreement.

*c) Information on the customer information management systems used by the applicant, including any billing systems.*

We use Pipedrive in combination with Dropbox as our Customer Information Management System to record communication and soft copies of paperwork, including invoices and consent to access the customer's interval data.

We currently use Microsoft Excel as a billing system, which is put together by our Commercial Analyst and cross-checked by either the General Manager or a Director.

Sections 4.4.14(d) and 4.4.14(e) are not required as this application is NOT for gas or water.

### *4.4.15 Commitment to become or remain a member of an approved ombudsman scheme and to be bound by its decisions (where applicable)*

CleanTech Energy hereby commits to become a member of an approved ombudsman scheme.

Receipt of our application to join the scheme is attached as APPENDIX I.



## RELEVANT EXPERIENCE

### *4.4.16 Experience, personnel and key personnel of applicant*

CleanTech Energy has been retailing electricity to large-use business customers on the SWIS grid since 18<sup>th</sup> August, 2015, and all three Directors have had direct involvement since prior to this date. CleanTech Energy have successfully passed all audits and have not received any complaints from our customers or any other relevant body.

Shannon Hewitt, General Manager, has worked for two electricity retailers (Perth Energy - ERL10 and A-Star Electricity – ERL21) who hold licenses to supply electricity to small use customers, since April 2014, and has completed ongoing training relating to the supply of electricity to small use customers. Shannon has a degree in Sustainable Energy Management from Murdoch University and there has never been a complaint made against him. As General Manager, he is responsible for giving staff the required training and ensuring they follow his guidelines.

### *4.4.17 Information about sub-contractors (policy, contracts, experience and key personnel).*

CleanTech Energy does not rely on contractors.

## OTHER EQUIVALENT LICENCES

### *4.4.18 A statutory declaration giving particulars of the applicant's interstate licence(s) including any regulatory action taken by a regulator in another jurisdiction.*

Included as APPENDIX J.

## OTHER REGULATORY APPROVALS

### *4.4.19 Description and evidence of the status of applications for other necessary approvals, permits or licences.*

CleanTech Energy and the Directors do not hold, and have not applied for, any interstate licences.

## PUBLIC INTEREST INFORMATION REQUIRED

### *4.5.1 Statement and evidence about any information to support that the grant of licence would not be contrary to the public interest*

CleanTech Energy are not aware of any information which could suggest the grant of this licence would be contrary to the public interest.

CleanTech has been in discussions with two retail chains who have a combination of small and large use electricity sites regarding:

- the lack of existing service providers in the local market which currently meet their specific needs; and
- the tailoring of a specific service package which meets the requirements of these customers.

## LICENCE, SUPPLY AND OPERATING AREAS INFORMATION REQUIRED

*4.6.1 Identify the proposed area within which the applicant intends to provide a licensed electricity, gas or water service (in the specified formats).*

CleanTech Energy intend to sell electricity to all contestable business customers located on the SWIS grid. A map of the area is included as APPENDIX K.

## LIST OF APPENDIXES

APPENDIX 1	4.2.4	Certification (the form on the application guidelines)
APPENDIX 2		Licence Application Checklist
APPENDIX A	4.2.1 g	Certificate of Company Registration and a copy of our large use electricity license ERL24
APPENDIX B	4.2.3	Statutory Declarations for each Director
APPENDIX C	4.3.1	Financial Reports (Confidential)
APPENDIX D	4.3.5	Declaration from auditor or bank
APPENDIX E	4.3.7	Current bank statement (Confidential)
APPENDIX F	4.3.9	5 Year revenue forecast (Confidential)
APPENDIX G	4.4.9	Standard form Contract and Customer Schedule
APPENDIX H	4.4.14	Small use customer pack
APPENDIX I	4.4.15	Proof of application to join ombudsman scheme
APPENDIX J	4.4.18	Statutory Declaration regarding interstate licence
APPENDIX K	4.6.1	Map of the SWIS grid