



## Retail License Exemption Application



**13 December 2016**

Licence Exemptions  
Markets and Regulation Division  
Public Utilities Office Department of Finance  
Locked Bag 11  
Cloisters Square  
WA 6850  
[licence-exemptions@finance.wa.gov.au](mailto:licence-exemptions@finance.wa.gov.au)

Re: Solar Power Purchase Agreement Provider Retail Licence Exemption Application

Dear Sir / Madam,

Enclosed is Element47's application for a Solar Power Purchase Agreement Retail License Exemption.

Element47 is a niche player in the Western Australian energy market aiming to be an integrated energy management and solar PPA provider for the small to medium-sized business market.

In accordance with the requirements of the exemption application, I can hereby confirm that:

- an administrator, receiver or insolvency official has not been appointed to control any part of the business or its property;
- no application or resolution has been passed nor steps taken, to wind up the applicant's company; and
- the applicant is not aware of any other factors that may impede its ability to finance and service solar PPA customers under the proposed business model.

Please do not hesitate to contact myself or Andrew Haning, Chief Technical Officer, should you require further information or wish to discuss this application.

Kind Regards,

Steve Applin

Managing Director & Chief Financial Officer

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## 1. Introduction

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## 2. Corporate Information

### 2.1 Identity of Applicant

- Element47 Pty Ltd
- ABN 45 612 754 891

### 2.2 Registered Address

- 69 Farmaner Parkway  
Ellenbrook WA 6069

### 2.3 Nominated contact person & correspondence details

- Steve Applin
- Managing Director and Chief Financial Officer
- 69 Farmaner Parkway, Ellenbrook, WA 6069
- 1300 794 201
- [info@element47.com.au](mailto:info@element47.com.au)

### 2.4 Company Description and Business Activities

Element47 is a privately-owned company focussing on energy management for medium-sized businesses. A market which has opened due to substantial recent and ongoing increases in energy prices and significant reductions in the cost of energy efficiency and building control technologies.

### 2.5 Associated or Controlled Entities

Element47 is a privately owned stand-alone company and does not have any associated or controlled entities.



## 2.6 Proposed Business Model

Element47's business model is focussed on providing the following services:

- Monitoring of electricity consumption
- Control of energy consumption through provision of customised, actionable information
- Reduction of electricity consumption by partnering with our customers to identify opportunities for usage reduction, improvements in efficiency and maintaining competitive pricing during electricity tariff reviews
- Supplementing energy efficiency measures by providing Solar Power Purchase Agreements

## 3. Financial Information

Element47 is a start-up company and lacks trading history to disclose for the purposes of this application.

The shareholders of Element47 are committed to its business plan and are in a position to ensure that any SPPA offering is complimentary to its energy management services and income stream.

Element47's Chief Financial Officer is experienced in the raising of debt financing for operational activities should such funding be required.

## 4. Product Disclosure Statement

Please refer to Appendix C.



## 5. Relevant Experience

Element47 is focussed on providing energy management services for small to medium-sized businesses. It has no relevant experience selling energy or Solar PPA products.

Element47 believes that Solar Power Purchase Agreements are a complimentary activity to its energy management services.

Our Chief Technical Officer, Andrew Haning, graduated with a Bachelor of Science in Environmental Technology & Science in 2010, is a NABERS Accredited Assessor and is a member of the Green Building Council of Australia. He has worked in energy management since graduating. Andrew has been the energy manager at Murdoch University since February 2015.

Our Chief Financial Officer, Steven Applin graduated with a Bachelor of Business in 2003 and is CPA qualified. He has worked with several major companies as a Management Accountant, Project Accountant and most recently was the Finance Manager for a maintenance services business.

## 6. Other equivalent licences, exemptions or authorisations to operate

Element47 does not hold any equivalent licenses, exemptions or authorisations anywhere in Australia nor has it previously held any such authorisations. As such, it has not had any breaches, penalties or investigations into any alleged breaches of the same.

## 7. Public interest information

Element47 submits to the Minister that there are several environmental, economic and social benefits to it being provided with an SPPA Retail License Exemption.

The environment benefits directly through a reduction in industrial emissions as a result of the power generated under this SPPA, directly displacing fossil fuel generated electricity.



Element47's business plan is to provide solar systems to its customers under an SPPA as a part of greater energy management initiatives within the businesses it works with. Our strategy is to provide sophisticated electricity monitoring equipment. This equipment meters the energy produced by the solar system and empowers our customers to monitor their electricity consumption in real time. Actionable data allows our customers much greater levels of visibility and control over their consumption to facilitate the elimination of waste, the implementation of cost effective energy efficiency equipment and more efficient electricity consumption behaviour. The result of these measures for our customers is that they both reduce their consumption of scarce business and environmental resources and improve the efficiency with which they consume these scarce and expensive resources.

The businesses we provide an SPPA to, allow them to access energy at rates which are cheaper than those available through their Licensed Electricity Retailer without having to access their own capital to install a system. This simultaneously reduces their business costs whilst allowing them to dedicate their scarce capital resources to their area of specialty where it will be most productive.

Allowing Element47 to provide energy through its SPPA's increases competition in the market for the supply of electricity and drives innovative practices which will reduce energy prices for the entire community.

## 9. Appendix A – Application Form

Applicant Details	
Legal name	Element47 Pty. Ltd.
Trading name (if different to legal name)	N/A
Registered office (if a corporation)	69 Farmaner Parkway, Ellenbrook, WA 6069
Principal place of business (if different to registered office)	N/A
Contact Details	
Name of primary contact	Steven Applin, MD
Postal address	69 Farmaner Parkway, Ellenbrook, WA 6069
Telephone number	Business: 1300 794 201 Mobile: 0403 937 948
Email	<a href="mailto:info@element47.com.au">info@element47.com.au</a>
Company Structure	
ABN or can	45 612 754 891
Legal structure (corporation, partnership, or sole proprietor)	Privately held company
Company directors	Steven Applin Andrew Haning
Description of primary business activities	Energy management services
Associated entities	Nil
Business requirements	
Brief description of the business model, including forecasted type (commercial and residential) and number of customers	Provide energy management services and SPPA's.  Our strategic plan aims to have 50 commercial SPPA customers by December 2019. We do not intend on servicing the residential market.
Details of experience in selling energy products and services	See section 5.



## 9. Appendix B – Exemption Application Checklist

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### Appendix B : Exemption application check list

In order to assess a solar PPA retail licence exemption application, specific corporate, financial and technical information is required. Please include a completed copy of this document along with your application.

#### Application summary

##### Guideline reference 2.2.1

Information required	Information provided	Application reference
A version of the application suitable for publication on the Department of Finance website	<input checked="" type="checkbox"/>	Application enclosed

#### Corporate information

##### Guideline reference 2.2.2

Information required	Information provided	Application reference
An overview of the applicant's corporate structure.	<input checked="" type="checkbox"/>	Document page 4
Identity information, including legal and trading name (if relevant) and ABN or ACN.	<input checked="" type="checkbox"/>	Document page 4
Registered postal address and contact details of the applicant.	<input checked="" type="checkbox"/>	Document page 4

Name and contact details of the applicant's main contact person.	<input checked="" type="checkbox"/>	Document page 4
An overview of the applicant company's profile and a description of the company's main business activities.	<input checked="" type="checkbox"/>	Document page 4
Description of the company type (public, private, joint venture, other body corporate, partnership, sole trader or other entity).	<input checked="" type="checkbox"/>	Document page 4
A list of associated or controlled entities, including the degree of control exercised.	<input checked="" type="checkbox"/>	Document page 4

Information required	Information provided	Application reference
A description of the applicant's business model, including forecasts for the number of customers expected to be serviced under a solar PPA over the next three (3) years.	<input checked="" type="checkbox"/>	Document page 5

## Financial information

### Guideline reference 2.2.3

Information required	Information provided	Application reference
A written declaration from the applicant attesting to the applicant's financial solvency.	<input checked="" type="checkbox"/>	Document page 17

## Product disclosure statement

### Guideline reference 2.2.4

Information required	Information provided	Application reference
A copy of the applicant's proposed solar PPA Product Disclosure Statement.	<input checked="" type="checkbox"/>	Document page 13

## Relevant experience

### Guideline reference 2.2.5

Information required	Information provided	Application reference
A description of the applicant's previous experience selling energy or solar PPA products.	<input checked="" type="checkbox"/>	Document page 6

## Other equivalent licences, exemptions or authorisations to operate

### Guideline reference 2.2.6

Information required	Information provided	Application reference
Details of whether the applicant holds, or has previously held or been subject to, an energy selling retail licence, licence exemption or retailer authorisation in any Australian state or territory, including Western Australia.	<input checked="" type="checkbox"/>	Document page 2
Details about any breaches of those licences, exemptions or authorisations, where a penalty or enforcement order was applied.	<input checked="" type="checkbox"/>	Document page 2

Details of any current or ongoing investigations about an alleged breach of a licence, exemption or authorisation.



Document page 2

## Public interest information

### Guideline reference 2.2.7

Information required	Information provided	Application reference
Statements and evidence to enable the Governor to consider whether granting a licence exemption would be contrary to the public interest.	<input checked="" type="checkbox"/>	Document page 6



## 10. Appendix C – Product Disclosure Statement

### **Solar Power Purchase Agreement**

#### **Product Disclosure Statement**

A Solar Power Purchase Agreement (SPPA) is a long term contract to provide your business with the benefits of a solar PV system at no upfront cost.

Before entering into a SPPA you should read and understand this Product Disclosure Statement (PDS). The PDS contains important information about the long term contract you are entering into, and the rights, obligations and protections you will be bound to under the SPPA.

#### **Advantages of an SPPA with Element47**

Our SPPA allows for your business to experience the benefits of a solar energy system without any upfront capital cost, and without being responsible for any of the normal operational or commercial risks associated with ownership such as maintenance costs or system underperformance. Under the SPPA you only pay for the kWh which are actually generated by the system. The kWh charge is structured to allow Element47 to cover all costs, normal operational and commercial risks over the course of the SPPA.

At your option, a battery may be included as part of the SPPA. It is important for you to know that batteries are not a cost effective option for most customers. Generally, Element47 would only recommend the installation of batteries where they were displacing diesel generated electricity, or in the case of special purpose requirements such as an uninterruptible power supply (UPS).

#### **Risks of an SPPA**

This SPPA is a long term agreement and your circumstances may change significantly during its term. For example:

- Your consumption of electricity may fall significantly and you will not be able to consume 100% of the electricity produced by the system. Under this agreement you are required to purchase 100% of the electricity produced by the system regardless of your actual consumption;
- We cannot guarantee that your Licensed Electricity Retailer (LEC) will be willing to purchase any electricity you export to the grid or what tariff you will be paid should the LEC be willing to purchase the exported electricity.

#### **Non-Primary Source of Energy**

Energy supplied under this SPPA is a supplementary source of electricity and is not an alternative or substitute for a primary supply contract with your Licensed Electricity Retailer. As such, you will need to maintain a primary supply contract with a Licensed Electricity Retailer.



### **Retail License Exemption**

Element47 is a non-primary electricity provider and has been granted a retail license exemption under the Electricity Industry Act (2004) and as a result is not bound by the same obligations as a Licensed Electricity Retailer or the Electricity Ombudsman Scheme. This exemption does not affect any of the consumer protections available to you under state or federal consumer laws.

### **SPPA Rate, Term and Estimated Costs**

This SPPA is a long-term agreement, running for A years from the first full day of system operation. You will be charged a rate of B per kWh supplied by the system during the first year, and escalated in line with the inflation rate (consumer price index – CPI).

The system that we will install at your premises is a C kW system and is designed to supply approximately D kWh per day. We will supply you with a graph which details the estimated output of your system by month which will give you a reasonable indication of the seasonal variation in system performance.

During the first year we estimate your bill from us will be approximately \$E.

If your system is ineligible to apply for small technology credits (STC's) and instead, we are required to create and sell Large Generation Certificates (LGC's) then the price you pay per kWh will be affected by the LGC rise and fall clause. The fluctuation in price you will experience is the net difference between the contract LGC price and the prevailing market price when the LGC's are generated and sold.

All solar PV systems suffer degradation in their performance over their useful working life and the system performance may be slightly lower, on average, each year. We actively track actual output of our systems against expected output and will take appropriate action where there is a material variance between actual and expected performance.

### **Fees and Charges**

The kWh rate and the rise and fall clause (if applicable) outlined above cover the design, construction and normal commercial operation of the solar system installed at your premises. If you elect to receive electronic bills, pay by direct debit, and do not default on your monthly payment you will not have to pay any additional fees and charges to us. The following fees and charges will be passed on to you should they be incurred by us:

- Credit card fees where you elect not to pay by direct debit;
- Dishonour fee on direct debit payments if you default on a payment to us;
- Interest on late payments;
- Early termination fees should you wish to terminate the contract before expiry or we terminate due to your continued breach;



- Account deactivation fee if we have to deactivate your system due to your breach of contract
- Account reactivation fee if we have to reactivate your system after it is deactivated due to your breach of contract

Should changes in government legislation result in additional benefits being payable or additional charges being incurred due to a legislative change related to our ownership of the solar system, this benefit or cost will be passed through to you. We will take all reasonable measures to maximise the value of any such benefit or minimise the cost of any such charge.

### **Billing format and Frequency**

We will bill you monthly in arrears for all electricity supplied our system on 14 day payment terms. We will direct debit the amount payable net of any credit due to you from your nominated account or credit card.

### **Metering Standard**

The meter we use depends on your individual requirements. Ordinarily we would use the SATEC EM133-AR TOU Smart Energy Meter or the SATEC BFM136 Multi-Channel Energy Meter, both of which are NMI approved and operate to Accuracy Class 0.5S. These meters connect to the internet via the mobile phone network and are read remotely.

### **End of Contract**

Six months prior to the end of our contract with you we will contact you to discuss your options:

1. Contract extension on mutually agreeable terms;
2. You may buy the system from us at a mutually agreed price; or
3. We will organise for the system to be removed and the site remediated at your cost.

### **Early Termination Fees & Changes in Business Ownership**

You may withdraw from this contract within 10 business days of signing the contract for any reason (the cooling off period).

You may also exit the contract at any time for any reason after the cooling off period by paying the early exit fee included in the SPPA contract. The early exit fee is designed to ensure that we receive a fair return on the investment we made in the system.

If you sell or transfer your business during the SPPA period and are unable to transfer your obligations under the SPPA to the new owner, or the transferee does not meet our minimum eligibility requirements then the early exit fee will be payable by you. We may be able to move the system to your new premises provided we receive reimbursement of all costs related to the move.

Either party may terminate the SPPA where the other party materially breaches its obligations under the agreement and fails to remedy this breach within a reasonable period of time. Where a Force Majeure event occurs and prevents either party from fulfilling its obligations under the agreement for six (6) months or longer, the other party may terminate the agreement.



### **Dispute Resolution**

We are committed to providing the best service possible and take all complaints seriously. If some part of our service does not meet your expectations then please contact us as soon as possible. Your complaint will be handled by a senior manager who is empowered to resolve your complaint. If you are still not satisfied with the outcome or then you may invoke the dispute resolution process per the SPPA.

### **Maintenance, Repairs and Warranties**

During the term of the PPA we are responsible for all repair and maintenance to the system and will maintain the system in accordance with the individual component's manufacturer specifications and relevant legislation. We are responsible for all normal commercial risks associated with fair wear and tear of the system.

Under the terms and conditions of your contract with your Licensed Electricity Retailer you may be liable for the cost of any damage our system causes to the electricity network. If such damage were to occur as a result of our negligence then we will reimburse you for any charges levied by your Licensed Electricity Retailer or the grid operator.

### **Credit Worthiness and Other Checks**

Before we enter into the SPPA with you we will engage a third party such as Dun & Bradstreet or Veda to perform a credit check.

If your premises is leased we will require verification of your ability to authorise installation of the system at your premises and may also require consent from the property owner to install the system.





## 11. Appendix D – Declaration of Solvency

Minutes of the meeting of directors of

**ELEMENT47 PTY. LTD.**

**A.C.N. 612 754 89**

Held at:	69 FARMANER PARKWAY ELLENBROOK, WA, 6069
Present:	Steven Applin Andrew Haning
<b>CHAIRMAN:</b>	The following person was appointed Chairman of the meeting of Directors:  <b>Steve Applin</b>
Declaration of solvency	It was unanimously declared by the Board of Directors that the company will be able to pay its debts in full as and when they fall due.
	There being no further business the meeting was terminated.

### CLOSURE

Signed as a true and correct record

**DATED:** 2/12/2016

**SIGNED:** Steven Applin (chairman)