



**Protean**

**WAVE ENERGY**

**Protean Wave Energy**

**Retail Licence Exemption Application**



27 October 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)

**Solar Power Purchase Agreement Provider Retail Licence Exemption Application**

Dear Sir/Madam

Protean Wave Energy Ltd (Protean) is pleased to enclose its application for a Retail Licence Exemption for the purpose of entering into Solar Power Purchase Agreements with our potential customers in Western Australia.

Protean is developing a number of markets (products and geography) which will see Protean transform from a wave technology developer into a wider capability energy group. Our intent to offer Solar PPA's is an important strategic element enabling Protean to bring together a number of technologies in ways that we feel will be transformative for WA customers, including energy storage technology.

Furthermore, in accordance with the requirements of the exemption application, I can herby 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 or 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 the undersigned or Graham Prentice, Commercial Advisor, should you require any further clarification or information with respect to this application.

Yours faithfully,

**Stephen Rogers**  
Managing Director



## Contents

1. Introduction .....	4
2. Corporate Information .....	4
3. Financial Information.....	5
4. Product Disclosure Statement.....	5
5. Relevant Experience.....	5
6. Other Equivalent Licences, etc.....	6
7. Public Interest Information.....	6
Appendix A – Application Form .....	7
Appendix B – Exemption Application Checklist .....	8
Appendix C – Product Disclosure Statement .....	10



## 1. Introduction

Protean Wave Energy (Protean) has to date primarily been engaged in the development of its proprietary Protean™ Wave Energy Converter (WEC) technology, however, the company's strategy has recently broadened to target other forms of commercial scale clean energy generation including tidal, wind and solar energies supplemented with energy storage technology.

Protean is actively pursuing a number of renewable energy project opportunities and in particular is interested in developing small to medium scale solar projects for potential customers in Western Australia.

This Retail Licence Exemption Application is the first step in positioning Protean to offer its customers a clean, competitive, alternative to their existing high cost, fossil fuel based energy source.

## 2. Corporate Information

### 2.1 Legal Entity:

Protean Wave Energy - ACN 119 267 391

### 2.2 Registered Address:

Office J, Level 2, 1139 Hay Street, West Perth, WA 6005

### 2.3 Nominated Contact Person & Correspondence Details:

Name: Stephen Rogers

Position: Managing Director

Office Address: Level 3, 89 St. Georges Terrace, Perth, WA 6000

Phone: (08) 9481 2277

Email: [info@proteanwaveenergy.com.au](mailto:info@proteanwaveenergy.com.au)

### 2.4 Company Description & Business Activities

Protean is a boutique Australian Stock Exchange listed (ASX: POW) diversified energy business focussing on opportunities in the market opened up by the transition from fossil fuel reliance to cleaner renewable energy sources.

Protean uses a spread of technologies to create differentiation from other single focus energy groups.

Whilst our focus to date has been on the commercialisation of our proprietary Protean™ Wave Energy Converter (WEC) technology, Protean is also pursuing projects in the tidal, solar, wind and energy storage areas.



## 2.5 Associated or Controlled Entities

Name of entity	Country of incorporation	2016 Equity holding	2015 Equity holding
SK Energy Metals Pty Ltd <sup>(1)</sup>	Australia	100%	100%
Ginja Minerals Pty Ltd <sup>(2)</sup>	Australia	100%	100%
Protean Wave Energy Inc. <sup>(3)</sup>	United States	100%	100%
Protean Power Pty Ltd <sup>(4)</sup>	Australia	99.79%	-
Protean Energy Australia Pty Ltd <sup>(5)</sup>	Australia	100%	-

1 Holding company of Stonehenge Korea Inc.

2 Dormant subsidiary

3 Incorporated on 24 March 2015

4 Subsidiary acquired on 20 August 2015

5 Subsidiary acquired on 25 February 2016 and is the holder of the rights and trademarks to the Protean WEC Technology

## 2.6 Proposed Business Model

[COMMERCIAL IN CONFIDENCE – REDACTED FROM PUBLIC VERSION]

## 3. Financial Information

Please refer to the written declaration re Protean's financial status in the covering letter. More information regarding Protean's finances can be found in our ASX announcements:

<http://www.asx.com.au/asx/research/company.do#!/POW>

## 4. Product Disclosure Statement

Please refer to Appendix C.

## 5. Relevant Experience

As mentioned above, Protean has to date been primarily focussed on the commercialisation of its proprietary Protean™ Wave Energy Converter (WEC) technology which presents a unique opportunity for various remote island or coastal consumers to harness wave energy and end reliance on carbon intensive and costly diesel power generation.

Protean believes that its experience in the wave energy sector is easily transferable to other renewable energy sectors where a diverse but complementary portfolio offers customers with significantly more choice.

Protean has established contracts with key individuals/companies with extensive expertise in electricity retailing, sales, marketing and renewable energy product development in Western Australia. Our Chairman was previously chair of Horizon Power, WA's regional electricity provider and Protean consultants previously led the development of Horizon



Power's town by town renewable energy buyback pricing, generation management technical requirements, and been integral to developing and piloting innovative mobile phone style electricity plans. This expertise will allow Protean to develop and provide ongoing management of our Solar PPA business.

Our strong delivery capability, ability to draw on past experience in innovative renewable energy product development, core skills in financial engineering and corporate management coupled with an ability to raise equity to fund developments offers a unique proposition to our customers.

## **6. Other Equivalent Licences, etc.**

Protean does not currently hold, or has not previously held, any other energy licences, licence exemptions or retailer authorisations in any Australian State or Territory and has therefore not had an breaches, penalties or investigations into any alleged breaches of the same.

## **7. Public Interest Information**

Protean highlights the following benefits to the public / considerations associated with the provision of solar power by it under a SPPA regime granted via approval of this licence exemption application:

### Environmental

- A reduction in carbon emissions due to the replacement of fossil fuel generated power with clean solar energy;

### Social & Economic

- Access to solar energy at no upfront cost to the consumer, meaning the potential for clean renewable energy being available to customers or communities who previously may not have had access to the capital required to install solar power systems;
- Providing customers with choice via a competitive and reliable, clean alternative to that of grid supplied electricity while noting that any solar power provided under our SPPA is an alternative, non primary, source of electricity and the primary source would always remain the licenced electricity retailer;
- Creation of new jobs and economic investment in rural and regional areas through the installation and ongoing maintenance of solar power systems;
- Protean is a Western Australian (WA) based publicly listed company on the Australian Stock Exchange (ASX: POW) and is creating domestic and export opportunities for WA owned and developed technologies;
- The encouragement of healthy competition within the WA electricity market via alternative clean energy supply models which also help meet state and national renewable energy targets;
- The ability to configure innovative value add models leveraging Protean's wave energy and energy storage technologies;
- Enhanced utilisation of public assets (distribution network) via utilisation of energy storage to take advantage of off-peak capacity.



**Appendix A – Application Form**

<b>Applicant Details</b>	
Legal name	Protean Wave Energy Ltd.
Trading name (if different to legal name)	N/A
Registered office (if a corporation)	Office J, Level 2, 1139 Hay Street, West Perth, WA 6005
Principal place of business (if different to registered office)	Level 3, 89 St. Georges Terrace, Perth, WA 6000
<b>Contact Details</b>	
Name of primary contact	Stephen Rogers, MD
Postal address	Level 3, 89 St. Georges Terrace, Perth, WA 6000
Telephone number	Business: 08 9481 2277
Email	<a href="mailto:info@proteanwaveenergy.com.au">info@proteanwaveenergy.com.au</a>
<b>Company Structure</b>	
ABN or ACN	ABN: 81 119 267 391
Legal structure (corporation, partnership, or sole proprietor)	ASX listed corporation
Company directors	Mr Brendan Hammond, Chairman Mr Stephen Rogers, Managing Director Mr Bevan Tarratt, Non Exec. Director Mr Young Yu, Non Exec. Director
Description of primary business activities	Renewable energy generation.
Associated entities	Refer to Section 2.5 above.
<b>Business requirements</b>	
Brief description of the business model, including forecasted type (commercial and residential) and number of customers	Refer to Section 2.6 above.
Details of experience in selling energy products and services	Refer to Section 5 above.

## Appendix B – Exemption Application Checklist

### Application summary

Information required	Information provided	Application reference
A version of the application suitable for publication on the Department of Finance website	✓	Refer "Public" Version

### Corporate information

Information required	Information provided	Application reference
An overview of the applicant's corporate structure.	✓	Document Page 4,5 & 8
Identity information, including legal and trading name (if relevant) and ABN or ACN.	✓	Document Page 4 & 8
Registered postal address and contact details of the applicant.	✓	Document Page 4 & 8
Name and contact details of the applicant's main contact person.	✓	Document Page 4 & 8
An overview of the applicant company's profile and a description of the company's main business activities.	✓	Documents Page 4 & 5
Description of the company type (public, private, joint venture, other body corporate, partnership, sole trader or other entity).	✓	Document Page 8
A list of associated or controlled entities, including the degree of control exercised.	✓	Document Page 5
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.	✓	Document Page 5

### Financial information

Information required	Information provided	Application reference
A written declaration from the applicant attesting to the applicant's financial solvency.	✓	Document Page 2



## Product disclosure statement

Information required	Information provided	Application reference
A copy of the applicant's proposed solar PPA Product Disclosure Statement.	✓	Document Page 11 & 12

## Relevant experience

Information required	Information provided	Application reference
A description of the applicant's previous experience selling energy or solar PPA products.	✓	Document Page 6

## Other equivalent licences, exemptions or authorisations to operate

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.	✓	Document Page 6
Details about any breaches of those licences, exemptions or authorisations, where a penalty or enforcement order was applied.	✓	Document Page 6
Details of any current or ongoing investigations about an alleged breach of a licence, exemption or authorisation.	✓	Document Page 6

## Public interest information

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.	✓	Document Page 6 & 7



## Appendix C – Product Disclosure Statement

### Protean Energy Solar Power Purchase Agreement (SPPA) Product Disclosure Statement

Before entering into a Solar Power Purchase Agreement (SPPA) with Protean Energy you should read and understand this Product Disclosure Statement which contains important information about the nature of the long term contract you will be entering into and your rights, obligations and protections thereunder.

#### Why Protean Energy?

Protean Energy (Protean) is an independent Australian listed (ASX: POW) diversified renewable energy company that is committed to providing clean and reliable energy to industry and communities, thereby reducing reliance on fossil fuels.

#### Why enter into a SPPA with Protean?

Our SPPA allows you to utilise clean solar power with optional battery to meet a portion of your energy requirements with no upfront capital outlay as Protean owns and maintains the system throughout the contract term at its cost. In return you pay an agreed rate for all electricity supplied by us on a kWh basis. The long term nature of the agreement allows Protean to recover its costs and return on investment over the term. Protean can use the battery to further reduce your electricity bill by storing solar energy or potentially utilising the battery to store cheaper off-peak electricity for later consumption.

#### SPPA Term, Rate and Estimated Costs

Our SPPA is a long term agreement of [ ] years. The rate charged for electricity supplied by us under the SPPA is [ ] per kWh for the first year, escalating annually in line with inflation (CPI). Your system will be designed to supply on average around [ ] kWh per day and in the first year we estimate your bill from us to be approximately \$[ ].

#### Non Primary Source of Energy

Our SPPA is a supplemental source of energy and not an alternative to grid supplied electricity so you will need to maintain a separate agreement with your Licenced Electricity Retailer (LER) as your primary source of energy. Protean may utilise energy storage technology as part of our solar power generation system to enable you to offset a greater amount of grid supplied electricity from your LER and potentially to charge the battery from the grid to minimise your combined electricity bill. Any arrangement you may have to sell any excess electricity supplied by us to your LER is independent of the terms of the SPPA and solely between you and your LER.

#### Customer Protection

As a non-primary electricity provider, Protean has been granted a retail licence exemption under the Electricity Industry Act (2004) and is not bound by the obligations under such Act or the Electricity Ombudsman Scheme however the SPPA is subject to consumer protections under Australian Consumer Law (ACL).

#### Customer's Obligations

In order to allow us to meet our obligations under the SPPA you must:

- provide and maintain grid electricity supply to your property via your LER;
- help us in obtaining the necessary approvals to connect the system to the grid and be responsible for any fees from your LER. A one-off charge may be applicable if your LER is required to change your grid-supply electricity meter or the network operator is required to provide a new connection or augment of the network. These charges, if applicable, can be included in our supply price to you.
- grant us access to the site to install, test, inspect maintain, repair or remove the system at any time as necessary under the contract;



- be responsible for maintaining your property (including electrical wiring) to facilitate safe and efficient operation of our system, including any necessary building insurances; and
- not remove, damage or in any way interfere with the system and maintain the same access to sunlight throughout the contract term.

Your network connection agreement is managed through your LER. You do not have any direct obligations to the network operator but under your supply agreement with your LER, you may be liable for any damages caused by our system to the network that it is connected to. Protean uses only equipment approved by the network operator and licenced installers to mitigate any risk in this regard.

### **End of Contract**

Six months prior to the end of the contract term we will contact you to advise your options which may include: (i) extending the contract on mutually agreeable terms; (ii) buying the system from us at a mutually agreed price; or (iii) removing the system at our reasonable documented cost.

### **Early Exit**

You may exit the contract within 10 business days of signing the contract (the cooling off period), should you change your mind and decide our SPPA is not for you. You may also exit the contract for your convenience at any time after the cooling off period, subject to payment of the applicable Early Exit Fee included in your SPPA. This ensures Protean receives a fair return on its initial investment.

### **Moving Out**

The Early Exit Fee will also be payable if you move property and are unable to transfer your obligations under the SPPA to the new owner or tenant or such person fails to meet our minimum eligibility requirements. Alternatively we may be able to move the system to your new property subject to payment of our reasonable recovery and reinstallation costs.

### **Fees & Charges**

You pay us for all electricity supplied by us at the agreed rate, as adjusted annually in line with inflation (CPI), plus any fees or taxes under applicable law, including the impact that any changes in law may have on our costs or taxes during the term. Other fees and charges are outlined in the SPPA and may include: paper billing fee (if you decide against electronic billing); credit card fees (if you decide against direct debit); late payment fee (if you don't pay on time); account reactivation fee (if you are in breach of contract and we have to deactivate your system); Early Exit Fee (if you exit the contract early or we terminate due to your continued breach); and a purchase or system removal fee at the end of term.

### **Billing Format/Frequency**

We will bill you at the end of each month for all electricity supplied by our system on thirty (30) day payment terms.

### **Meter & Accuracy**

To measure all electricity supplied by our system (kWh output), we will provide a class 1 Accuracy Standard meter (+/- 1%), that can be read remotely through a cellular data connection.

### **Termination Rights**

You may terminate the SPPA at any time after the cooling off period by paying the applicable Early Exit Fee. Either party may terminate the SPPA if the other party is in breach of its obligations thereunder and fails to remedy such breach within a reasonable time period or if a party fails to perform its obligations under the SPPA for a continual period of six (6) months due to a Force Majeure event.

### **Complaints & Dispute**

Customers are our prime focus at Protean and we strive to provide the best service possible, however, should our



service not meet your expectations please let us know as soon as possible by phone or email as per the complaints process outlined in the SPPA. We take all complaints seriously but if you are not satisfied with the outcome or have any other grounds for dispute then you may invoke dispute resolution process as per the SPPA.

### **Maintenance, Repair & Warranty**

Unless we agree to sell you the system it will remain the property of Protean at all times and we will remain responsible for any maintenance or repair required, however, Protean offers no warranty regarding the system performance or output and reserves the right to withdraw from the SPPA should it no longer remain commercially viable for us. Notwithstanding, the nature of the SPPA, where Protean only recovers its costs through electricity supplied, means that we are fully incentivised to ensure that they system performs as intended.

### **Risks of Entering into a SPPA**

The long term nature of a SPPA means that circumstances can change significantly during the term, for example your financial circumstances and ability to continue to pay for the electricity supplied by us or pay the Early Exit Fee. The intent of the SPPA is to provide you access to solar power at a rate lower than you are currently paying for electricity to your LER, however, there is no guarantee that this will remain the case and in particular Protean offers no guarantee that, if applicable, your LER will buy back any excess electricity at any existing buy back rate that you may be eligible for.

### **Eligibility Requirements**

Prior to entering into any SPPA, Protean may require evidence of your financial situation to assess your ability to meet your payment obligations under the SPPA. Protean reserves the right to not enter into any SPPA should you fail to satisfy our minimum requirements or else we may require some form of additional security from you prior to entering into an SPPA. If you are not the owner of the premises where the system is to be installed, we may also require to enter a direct agreement with the owner to protect our property rights.