

**From:** Anto Klobucar [<mailto:info@conciseenergy.com.au>]  
**Sent:** Friday, 7 August 2015 11:07 AM  
**To:** PUOSubmissions  
**Cc:** Lui Yuen, Melissa; Kroon, Alexander  
**Subject:** RE: Retail Licence Exemptions for Solar Power Purchase Agreement providers - Draft Recommendations Report

Hello Department of Finance

Thank you for inviting us to provide a brief assessment of the Draft Recommendations Report (Report).

Essentially, we are in agreement with the Report's recommendation for an exemption approach to be adopted, irrespective of Option 1 or 2. Each have their own merit, and we would seek to apply under either option, when adopted.

We are in favour of their being a more streamlined approach to facilitate the growth of this emerging market segment, provided that all businesses who are developing and offering new and innovative ways to sell energy do so with a balanced benefit and protection approach to their customers. As per the executive statement, the sole objective must be to provide "substantial savings" to customers, irrespective of the type of customer, and our comments below are consistent with achieving this objective.

It is our belief that any exemption grant ought to be strict on its customer disclosure objectives, as well as the monitoring framework needs to be carefully considered and implemented.

In summary, we are in favour of the product disclosure statement for all applications - i.e. systems sales, SPPA and leases; due to the lack of information disclosure currently offered to clients in Australia. We believe that all providers should disclose to the customers explicit details and detailed analysis as to how the customer is actually going to achieve real bill savings through the consumption of any new energy product, whether it be a solar system or battery storage. We believe that all analysis and details should include:

- \* an analysis of a customer's actual energy consumption records measured for a specific period - current estimation practices of citing a google map of the roof space of a premises and sizing solely against the customer's energy bill is not suitable
- \* disclosure and use of an accurate and legitimate solar energy production factor, that is not overestimated and not averaged, and that accounts for the solar path way for all monthly and seasonal changes appropriate for that location - too many systems, leases and SPPA's are offered based on inaccurate energy production rates that are inaccurate for the client's actual location
- \* details of the actual solar system's specifications and the expected solar system's monthly energy production yields based on the actual and accurate solar production rates for that specific system - inaccurate averages are used for systems that do not apply to specific solar modules installed at a premises, especially where pre-packaged systems are provided
- \* detailed warranty disclosures for all systems provided
- \* clear explanation of the key differences and benefits between solar leases and sppa - customers we have encountered are confused as to the difference, based on lack of information provided prior to executing an agreement. How will the Department prevent leases from being masked as an SPPA through cleverly designed pricing structures?

\* a detailed bill savings analysis and the basis of all assumptions used with regard to the benefits and attributes with regard to the system, lease or spps that will be provided, where details are included with regard to temperature variables, pv degradation variables, utility inflation rates, the systems actual production rate, usage vs storage capacity for batteries, etc.

Please note that based on current solar generation technology, any solar generation system's energy production, a client's actual solar energy consumption and the utility energy and billing offsets are all clearly measurable without any additional costs being required to be added by a provider. It ought to be a condition that no SPPA is offered and no billing methodology ought to be based on estimated solar energy production rates, but rather it must be based on actual solar production or actual solar energy consumption data, to ensure real savings and client protection are achieved.

A compliance program needs to ensure that all participants methodology and practices are actually measured and actually achieve "substantial savings" for all clients. A system offer, a leasing arrangement and an SPPA offer do not provide real savings in all circumstances and must be tailored for each specific client.

How do customers opt out of contracts if no savings are achieved based on their measured energy usage at the time of a leasing, solar system and SPPA offering? As this is an emerging market, it is imperative that the government does not wait for there to be a problem before it seeks to intervene.

We are excited with the Department's initiative and encourage the Department to forward its findings to the AER as part of the AER's end of 2015 review.

Kind regards

**Anto Klobucar**

Concise Energy Pty Ltd ATF **Concise Energy**

ABN: 46 474 974 684

Exempt Energy Retailer, CEC Accreditation A8975507

*Solar Power Energy Provider & Solar PV Systems Specialists.*

Unit 4, 12 Loftus St Bowral NSW 2576

p: 1300 727 808 m: 0408 108 474

e: [info@conciseenergy.com.au](mailto:info@conciseenergy.com.au)

[www.conciseenergy.com.au](http://www.conciseenergy.com.au)

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