


# **Electricity in a Box**

## **Application for a licence to sell electricity in Victoria**

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July 2019

Contact Details  
4/50 Queen St  
Melbourne, 3000



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## I. Introduction

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This application to the Essential Services Commission is for a licence to sell electricity to residential and SME customers. This application is under section 18(1) of the Electricity Industry Act 2001 (Vic) for the issue of a licence to sell electricity.

### 1.1 – Intention

It is the intention of Electricity in a Box PTY LTD (“**EIAB**”) to establish an energy retail business

### 1.2 – Scope

The scope of EIAB is to commence an energy retail business in Victoria. Target consumers include residential and small to medium enterprises (“**SME**”).

## II. General Information

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The following are the general particulars of Electricity in a Box. These details are supported by Attachment 1: ASIC record.

### 2.1 *The applicant*

#### 2.1.1 **Legal name:**

Electricity in a Box PTY LTD

#### 2.1.2 **Trading name:**

Electricity in a Box

#### 2.1.3 **ABN and ACN:**

ABN: 74 140 547 226

ACN: 140 547 226

#### 2.1.4 **Registered business address:**

4/50 Queen St

Melbourne, 3000

**2.1.5 Contact person:**

Morgan Duncan  
[REDACTED]

**2.1.6 Corporate structure:**

Australian Private Company

**2.1.7 Incorporation details:**

See attachment 1 – ASIC record

## **2.2 Application**

**2.2.1 Type of licence sought:**

EIAB is applying for a licence to sell electricity to residential and SME customers

**2.2.2 Date from which the licence is sought**

1<sup>st</sup> November 2019

**2.2.3 Nature and scope of operations:**

The scope of EIAB is to commence an energy retail business in Victoria to residential and SME customers.

**2.2.4 Statement that the applicant is a fit and proper person:**

Morgan Duncan is a fit and proper person and has the experience and expertise to lead EIAB's entry into the electricity retail market. As per schedule 4 of the Guide to Applications for Electricity Industry and Gas Industry Licences

**2.2.5 ESC's objectives**

The objectives of the Commission are set out in Section 8 of the Essential Services Commission Act 2001 (VIC). The main objective of the Commission is to promote the long-term interest of Victorian consumers. This objective is to be achieved through prices, quality and reliability of essential services.

EIAB will meet the objectives of the Commission by serving the long-term interest of Victorian consumers in two waves. The first through providing its partners existing telecommunication customers with a low-cost energy offer. Then second through new sales channels after its presence is established to ensure that new customers are acquired at a safe, low cost offer with the best possible customer experience.

By providing an offer to its partners existing telecommunication customers EIAB will provide an alternative to current retail offerings. This integrated offering will provide a quality experience to customers with integrated billing and account management.

When the time comes to take EIAB's offering to the wider retail market Victorian consumers will benefit from an increase in competition while providing a larger level of choice for those consumers in the market. The offer from EIAB will need to be such that it retains customers and is appealing to new customers. Every effort will be made to offer tailored, responsive and efficient retail services that will meet customers needs.

### III. Technical capacity

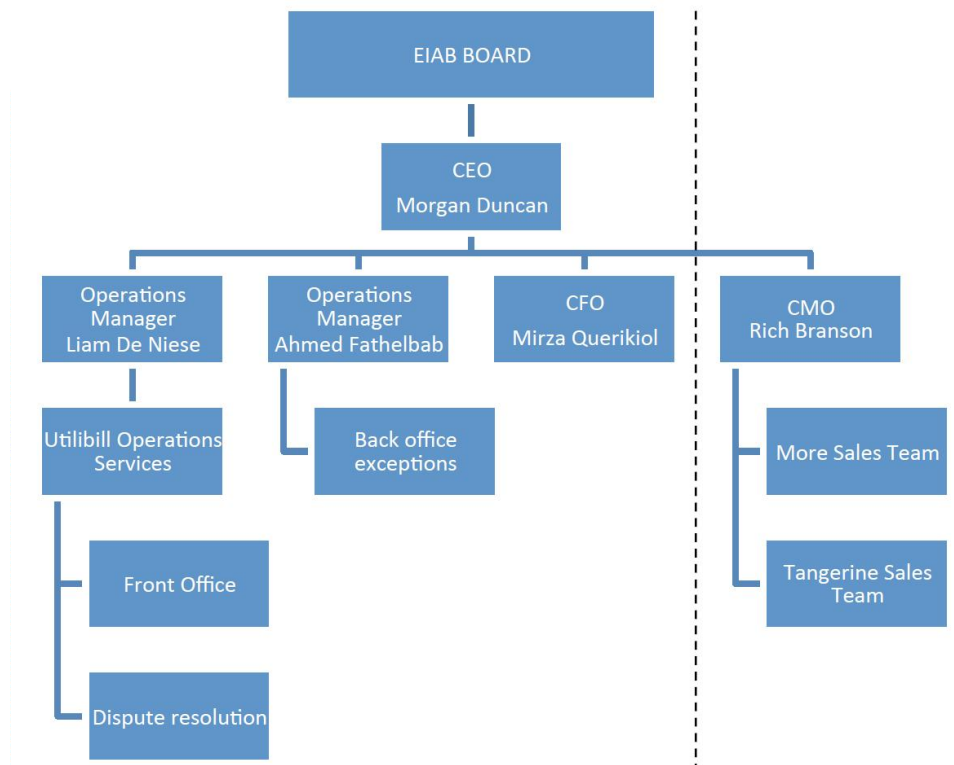
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Electricity in a Box is a newly established business which draws on the experience of individuals and organisations that have significant energy and retail experience.

#### **3.1 Expertise, knowledge and skill of key personnel**

The details of key individuals is explained in Attachment 2: Business Plan. The relevant section of the business plan explains their experience in retail activities. It also lists the members of The Board and their unique set of skills to guide Electricity in a Box through initial start-up activities through to a mature business.

### 3.2 Organisational chart of key personnel



Attachment 2: Business Plan includes key third parties, highlighting skills and experience that they will bring to EIAB.

### 3.3 Business model plans

A suitable business plan (Attachment 2: Business Plan) and forecast model (Attachment 3: Financial forecast) has been provided with this application that:

- Provides clear strategic direction, objectives and motivation for EIAB's creation and push into the retail energy space
- Provides a detailed forecast of results and calculated assumptions within its model

### 3.4 Internal frameworks, policies and procedures

#### 3.4.1 Compliance

EIAB has developed an initial Compliance strategy that:

- Demonstrates knowledge and understanding of obligations imposed on authorised retailers under the Retail Law and Retail rules and the applicable statutory

- Outlines how applicable retailer authorisations obligations will be met including how compliance breaches will be identified with examples of some accompanying tools/instruments it will implement support this policy.
- References and utilises the knowledge gain from Complaint and dispute resolution procedures (ISO 10002-2006 customer satisfaction – guidelines for complaints handling in organisations)
- Demonstrates that any gaps in skills or knowledge of staff have been identified and steps taken to fill those gaps (through training and the recruitment of specialist third parties)

EIAB is committed to ensuring that it will implement its compliance policy and attending structure before it begins retail operations.

#### Attachment 4 – Compliance strategy Attachment

- 4.1 – Breach reporting template (internal)
- 4.2 – Breach register (internal)
- 4.3 – Obligation list and breach reporting ESC (external)
- 4.4 – Complaint and dispute resolution
  - 4.4.1 – Complaint register (internal)
- 4.5 – Risk and compliance audit

#### **3.4.2 Risk management**

EIAB has created a Risk policy and provided this for the AER's review. This policy outlines EIAB's approach to manage both its financial and retail obligation risk. Along with its compliance strategy it has been reviewed by an independent auditor to ensure it is fit for purpose in meeting its obligations and identifying potential or actual risks to its operation. Along with this EIAB has provisioned a team of experienced individuals and experienced third parties that have extensive experience and expertise in risk management across a utilities business.

- Attachment 5 – Risk management strategy

#### **3.4.3 Privacy**

Attachment 6 contains EIAB's privacy policy

### **3.4.4 Training**

EIAB is developing a training program for staff that covers all aspects of dealing with customers.

### **3.4.5 Other relevant frameworks, policies and procedures**

EIAB has developed a number of policies and procedures which are appropriate for retail in the energy market. These include (listed as attachment 8)

- Disconnection and de-energisation procedure (including credit and debt)
- Life support policy
- Financial hardship policy
- Product and disclosure statement (template – to be modified depending on product sold)
- Standard retail contract
- Customer communications
  - Bill template
  - Reminder notice
  - Disconnection warning notice

## **3.5 Registrations**

It is anticipated that EIAB will register with or become a member of the following organisations once it is granted a licence to sell electricity. EIAB has made initial contact with each of the following organisations.

- EWOV
- AEMO (including Austraclear)

See attachment 10.

## **3.6 Distribution networks**

EIAB has contacted all distribution networks within Victoria (Powercor and Citipower, Ausnet Services, United Energy Distribution, Jemena) and is expected to complete all Network Use of System agreements prior to beginning retail operations.

See attachment 11.



### **4.1 Applicant financial statement:**

EIAB has the financial resources to commence and sustainably perform the relevant licensable activities which are applied for within this application.

### **4.2 Financial position**

As a start-up business Electricity in a Box has no credit rating or audited reports. The following attachments provide assurance that Electricity in a Box has sufficient capital to finance its retail operations as per the business plan and financial forecast.

- Attachment 2 - Business plan (the business plan covers five years of retail sale)
- Attachment 7 - Financial information
- Attachment 3 - Financial model (the financial model supports the business plan)

### **4.3 Declarations**

#### **Fit and proper persons**

1. No directors of EIAB or of any entity that can exert control over EIAB

- Have been declared bankrupt
- Had their affairs placed under administration
- Been disqualified from managing a company

2. No directors of EIAB, directors of any entity that can exert control over EIAB or any person with significant managerial responsibility or influence on EIAB have been subject to

- any debt judgements, or
- insolvency proceedings (including administration, liquidation or receivership in connection with the affairs of a company).

3. No directors of EIAB, directors of any entity that can exert control over EIAB or any person with significant managerial responsibility or influence on EIAB been charged with fraud, theft or any other criminal offence.

4. Neither EIAB, nor any director of EIAB, any related body corporate, or any person with significant managerial responsibility or influence on EIAB has been involved in any material breaches of obligations regulated by the Essential Services Commission.

5. Neither EIAB, nor any directors of the EIAB, directors of any entity that can exert control over EIAB or any person with significant managerial responsibility or influence on EIAB been prosecuted for any offences or had any enforcement action taken under any state, territory, Commonwealth or foreign legislation (including, but limited to, the Competition and Consumer Act 2010 (Cth), Corporations Act 2001 (Cth), or the Australian Securities and Investments Commission Act 2001 (Cth))?

6. Neither EIAB, nor any related body corporate or any person with significant managerial responsibility or influence on EIAB, has been refused a licence or authorisation, or had restricted, suspended or revoked any such licence.

See attachment 9a and attachment 9a – declaration in support of the above declarations and all information contained within this application.

### ***Public record***

Attachment 1: ASIC record

### ***Commercial in confidence***

Attachment 2 – Business plan

Attachment 3 – Financial forecast

Attachment 4 – Compliance policy

Attachment 4.1 – Breach reporting template

Attachment 4.2 – Breach reporting register

Attachment 4.3 – Obligation list and breach reporting ESC

Attachment 4.4 – Complaint and dispute resolution

Attachment 4.4.1 – Complaint register

Attachment 4.5 - Risk and compliance audit

Attachment 5 – Risk Management Strategy

Attachment 6 – Privacy Policy

Attachment 7 – Financial information

Attachment 8 – Bill template

Attachment 8 – Disconnection warning notice

Attachment 8 – EIAB Product Disclosure Statement

Attachment 8 – EIAB SRC

Attachment 8 – Hardship Policy (including payment plans)

Attachment 8 – Reminder Notice

Attachment 8 – De-energisation

Attachment 9 - Declaration

Attachment 10 – Registrations

Attachment 11 – Distribution works