

Retail licence application form

Purpose of this form

This form must be completed by or on behalf of a person making an application to the Essential Services Commission (the commission) for the issue of a licence to authorise electricity and/or gas retail operations in the energy industry in Victoria.

Basis for this form

Section 18 of the Electricity Industry Act 2000 and section 25 of the Gas Industry Act 2001 (collectively, the Industry Acts) provides that an application for the issue of a licence must be made to the commission in a form approved by the commission. This is the form approved by the commission.

Use of this form and the applicant's responsibilities

An application for a licence may be made by any legal person including, without limitation, individuals, partnerships, incorporated associations, unit and other forms of trusts and corporations. Entities that are not a legal person (for example, an unincorporated joint venture) cannot apply for a licence.

For the purpose of this application form, reference to the term "Officer" includes the directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the applicant's business (e.g. Chief Executive Officer, Chief Financial Officer, General Manager etc.).

The information requested in this application should be provided in the spaces provided and additional information enclosed when required. It is the applicant's responsibility to take all reasonable steps to ensure the information provided in the application form is complete, true and correct. An officer is required to make a declaration to that effect. (in the application form).¹ Failure to disclose information or misrepresent any matter relevant to such information may result in a licence not being issued or in the revocation of a licence later.

¹ Where an applicant is not a body corporate the applicant should contact the commission to discuss the appropriate person to make the required declarations



The applicant is responsible for providing the commission with current, accurate and relevant documentation. It is the applicant's responsibility to make all reasonable inquiries to obtain the information requested by this form.

Timely processing of the application will be helped by providing accurate and relevant information and a complete application (answering all questions and providing all information we need to complete our assessment). All applications are assessed on a case-by-case basis. If insufficient information is provided with an application, the commission will request additional information to be submitted before the application is considered further.

Prior reading

It is essential that the applicant reads our [guide to applications for electricity industry and gas industry licences](#) before filling out this form.

It is the applicant's responsibility to ensure the applicant's compliance with legal obligations when applying for a licence.

Licence conditions

The Industry Acts authorise us to issue licences subject to conditions as decided by us. We recommend the applicant reviews the standard conditions in our licence template. The applicant must be familiar with the relevant conditions and confident that the applicant can comply with the conditions.

Further information

The applicant should note that we may ask for further information, or to clarify the information that the applicant has already provided in the application form.

Consultation and confidentiality

We will consult with relevant government, industry and consumer groups in the conduct of its licensing functions through a public consultation process. Applications and/or supporting information will be made available on our website and in hard copy from our office for this purpose.

If the applicant believes that any information the applicant provides is confidential or commercially sensitive, it is the applicant's responsibility to clearly identify this information. The applicant should also provide a 'non-confidential' version of the application form for publication on our website.

How to lodge an application

The applicant may send the completed application form electronically (preferred) or in writing to:

Electronically: licensing@esc.vic.gov.au



In writing: Essential Services Commission 8/570
Bourke Street
Melbourne VIC 3000

Application fees and annual licence fees

The commission sets the application fees. Currently, there is no application fee.

Holding a licence incurs annual licence fees. The licence fees are determined by the Assistant Treasurer. The commission will send an invoice for the licence fee to each licensee. Licence fees are to be paid on receipt of an invoice via one of the payment options set out in the invoice.



APPLICATION FOR GAS INDUSTRY RETAIL LICENCE

FOR

TELSTRA ENERGY (RETAIL) PTY LTD
ABN 23 645 100 447

SUBMITTED TO THE ESSENTIAL SERVICES COMMISSION OF VICTORIA
APRIL 2021

[A number of confidential documents and attachments are provided in Appendices and referenced throughout this application. Those documents are provided on a 'commercial-in-confidence' basis and do not form part of the public component of this application.]



INTRODUCTION

Telstra Corporation Limited (Telstra) is an ASX listed company with a market capitalisation in excess of A\$30 billion. Telstra is a large energy user and has over 50,000 sites connected to the National Electricity Market. As a large user of energy Telstra is committed to being an active participant in the wider market and working with the market and the community in supporting an energy transition that will ensure consumers and the community can benefit from access to affordable, reliable and sustainable energy.

In March 2020 Telstra announced three major initiatives in the climate emissions area:

- To be carbon neutral in our operations from last year, 2020;
- To be renewable leaders by enabling renewable energy generation equivalent to 100 per cent of our consumption by 2025; and
- To reduce our absolute emissions by at least 50 per cent by 2030.

To deliver against these ambitious and important goals, there are five key areas Telstra is focusing on.

- First – we will lead by example. We will hold ourselves to account in terms of our own targets and the support we offer other businesses on their climate emission management journeys. We also want to contribute to the broader discussion on climate, adding our technical expertise and advocacy to a discussion that is factual, science-based and focussed on supporting outcomes that accelerate carbon emission reduction.
- Second – we will actively reduce our emissions on an absolute basis. We have reviewed the sources of our emissions and have scoped a major program of work to reduce our energy consumption over the next decade. This includes upgrading inefficient equipment and accelerating decommissioning of equipment that is no longer needed.
- Third – we will drive change from the inside out including assisting our employees to understand and manage their own carbon footprint as well as encouraging and supporting our suppliers on their own decarbonisation journeys and will reach out to our top 100 suppliers to identify opportunities to drive emissions reduction.
- Fourth – in order to maximise the positive role, we can play in decarbonising the Australian economy, we will enable our customers and the community by providing lower greenhouse gas emissions products and services as well as investing in energy and emissions management initiatives. This builds on our work to date in enabling other major corporates to access renewable Power Purchase Agreements.
- Fifth – climate change will continue to impact on our business and the resilience of our networks and services will remain a top priority.

Telstra, through its wholly owned subsidiary, Telstra Energy (Generation) Pty Ltd, already participates in the National Electricity Market as a small generation aggregator and a market generator in respect of two major utility scale renewable electricity generation plants.

The achievement of the emissions objectives outlined above will require Telstra to deepen and widen its energy market engagement, particularly to be able to share its learnings and capabilities in this space with its suppliers and customers.

For these reasons Telstra through its wholly owned subsidiary, Telstra Energy (Retail) Pty Ltd (Telstra Energy), is applying for energy retail licences and authorisations to enable it to offer innovative solutions that leverage our experience, capabilities and technologies.

We recognise that full compliance with the energy retail rules (and the underlying principles) fundamentally underpin energy retailing. We are committed to meeting the obligations in the energy markets framework and are designing our products, processes and operations with compliance with the energy market rules at their heart.

This year, Telstra has publicly recognised the devastating effects on our customers when we do not meet our obligations¹ and we are committed to rectifying and learning from our experience. In our application we set out how we have ensured that we have the technical and operational expertise to build the systems, processes and governance to meet our energy market obligations.

¹ See <https://exchange.telstra.com.au/the-heart-of-responsible-business/>





1. GENERAL INFORMATION – THE APPLICANT

Telstra Energy (Retail) Pty Ltd (Telstra Energy) is a wholly owned subsidiary of Telstra Corporation Limited. It was incorporated on 14th October 2020 to facilitate Telstra's retail participation in the National Electricity Market (NEM) and relevant Gas Retail Markets.

Attachment reference: Incorporation details (including a copy of the applicant's Certificate of Registration, and Constitution) are provided in **ATTACHMENT 1 – INFORMATION ON GENERAL INFORMATION, APPENDIX 1A & B.**

1.1 Name of applicant

State the full name of the applicant. The applicant is the person who will be selling (retail) electricity and/or gas that will be the subject of the licence.

Name: Telstra Energy (Retail) Pty Ltd

1.2 Legal identity of applicant

Provide the applicant's ABN/ACN and information about the applicant (i.e. whether the applicant is a private limited company, partnership, trust, or joint venture etc.).

ABN: 23 645 100 447

ACN: 645 100 447

Type of entity: Propriety Limited Company incorporated under the Corporations Act 2001 ACN 645 100 447.

1.3 Contact details and address of the applicant

The Applicant

Business address: Level 41, 242 Exhibition Street, Melbourne

State: Victoria

Post code: 3000

Postal address (if different): As above.

State:

Post code:

Full name of contact person: Piera Lorenz



Position title: Energy Regulatory Advisor



1.3 Diagram of corporate and organisational structure (including details of any related companies within the meaning of the Corporations Act 2001).

Please attach with this application form the corporate or other structure, including details of any related companies within the meaning of the Corporations Act 2001. Please provide a diagram of the:

- a) corporate or other structure (including any parent and related companies within the meaning of the Corporations Act 2001), and

Attachment reference:

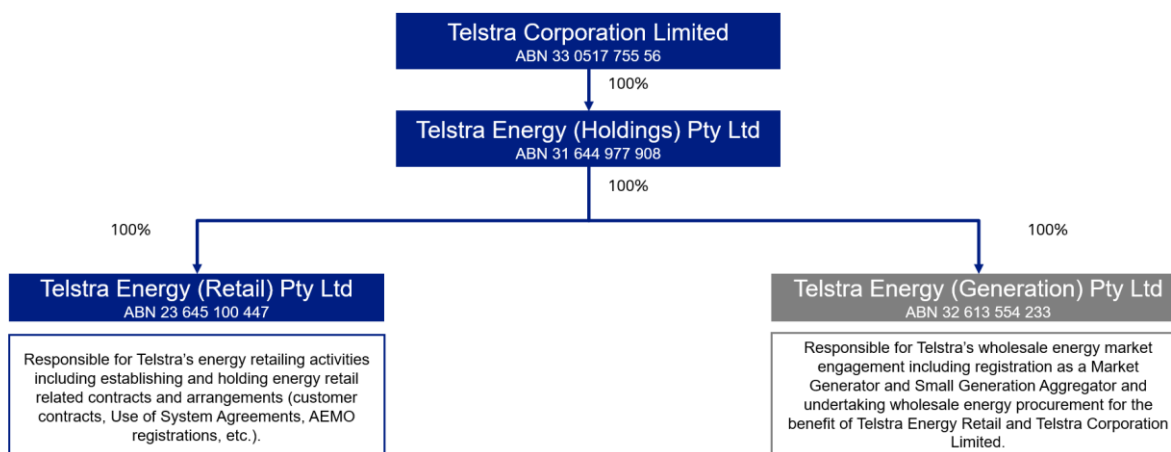
- b) organisational chart (including composition of the board, management, and other key personnel responsible for the key functions).

Attachment reference:

To facilitate its entry into the energy retail business Telstra Corporation Limited (Telstra) has established a new subsidiary Telstra Energy (Retail) Pty Ltd (Telstra Energy) to operate the business, enter into the customer contracts and hold the various licences and authorities. Telstra Energy is a wholly owned subsidiary of Telstra Energy (Holdings) Pty Ltd, which is in turn a wholly owned subsidiary of Telstra Corporation Limited.

1.4.1 Corporate or other structure (including any parent and related companies within the meaning of the Corporations Act 2001)

The following chart sets out the Telstra Energy's corporate ownership structure and its relationship with other Telstra entities engaged in the energy market.



1.4.2 Organisational chart (including composition of the board, management, and other key personnel responsible for the key functions)

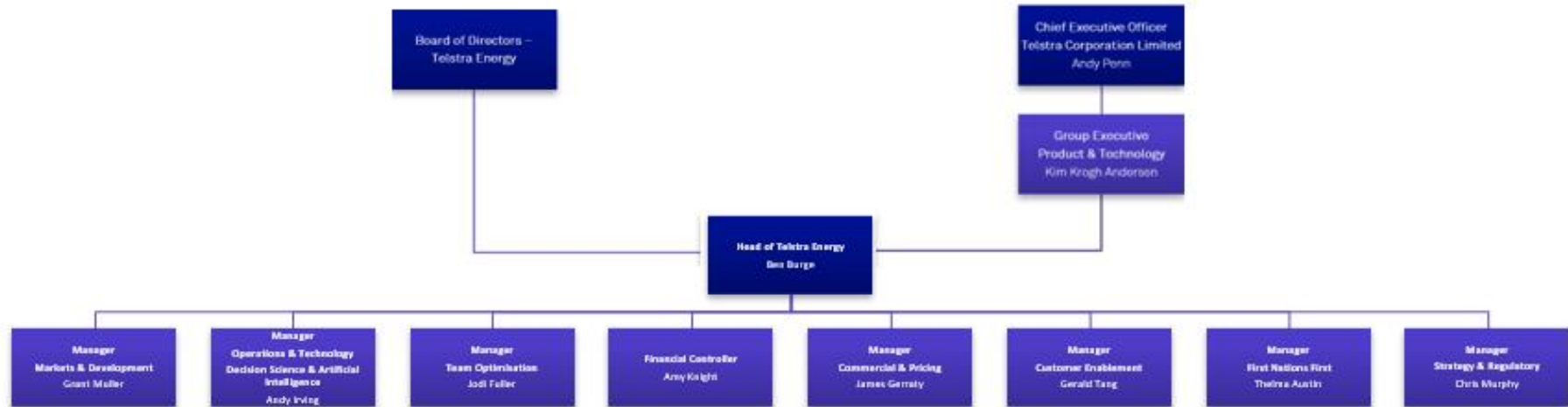
Telstra Corporation as the parent of Telstra Energy provides Telstra Energy with the support and resources necessary for its operations. This includes provision of the Telstra Energy staff and back office support including Customer Support Services, Billing & Payments, Information Technology & Operational Support, Energy Procurement, Pricing & Analysis, Marketing, Product Development, Complaints Management, Settlements, Treasury, Legal, Regulatory, Risk & Compliance, Accounting, Finance and Procurement services.



Telstra Energy has established a dedicated team within Telstra with the experience, capabilities and commitment to manage the Telstra Energy business. The team is led by Ben Burge who has had previous experience in establishing and leading innovative customer facing and energy related businesses including Meridian Energy Australia (and its retail arm Powershop Australia), Telstra's value focus internet and mobile service provider, Belong, and Telstra's generation and wholesale markets participation through Telstra Energy (Generation) Pty Ltd. The team has significant established experience across a range of energy retail, network and generation businesses and market bodies including: AGL, Origin Energy, Energy Australia, Ergon, Energex, United Energy, Meridian Energy Australia, Powershop Australia, AEMO and AEMC



The organisational and management structure of the Telstra Energy business, which reports into the wider Telstra Corporation Limited management structure, are set out below in graphical form:







In addition, the management team will be supported by the wider telstra corporation limited management team and resources, and a number of specific personnel with experience relevant to the performance of the obligations of a licensed energy retailer.

1.4 The Licence

If the applicant wants the licence issued by a certain date, provide this date. Please note that we do not undertake to issue the licence by this date. The applicant should usually allow a minimum of 16 weeks to consider an application or from eight to ten weeks **once the application is complete**. An application is considered complete once we have all information, we need to take the application to commission for decision. In other words, when we have no need to request further information from the applicant. This includes a public consultation period of four weeks (generally) as part of our consideration of licence applications.

Provide details on the following:

Date from which licence is sought: 25th June 2021

Nature and scope of operations: Telstra Energy intends to initially offer services to small customers (i.e. <40MWh in a year). However, as the business develops Telstra Energy will consider offering services to medium and large businesses (i.e. 40-160MWh and >160MWh in a year), located in both metropolitan and regional areas.



2. TECHNICAL CAPACITY

Please provide details of the systems and processes that the applicant will use to:

- a) manage wholesale exposure;
- b) market to customers;
- c) bill customers;
- d) manage connection and disconnection processes;
- e) manage customer complaints;
- f) manage dispute resolution
- g) comply with regulatory reporting requirements;

For each of the above matters, please provide details of the relevant systems and processes that the applicant will use, in providing those details please include:

- a) the experience and qualifications of any relevant key employees who will manage those
- b) systems and processes;
- c) If the applicant will engage contractors or agents to assist with the licensed activities,

provide the following information

- (i) the name of the contractor or agent
- (ii) the scope of activities undertaken by the contractor or agent
- (iii) details of any formal agreements for the provision of services,
- (iv) details about the experience of the contractor or agent in relation to the activities that it will be undertaking, including any accreditations, and
- (v) details of the processes in place to ensure the contractor or agent complies with the licensee's regulatory obligations.

The following sections set out the required information with respect to Telstra Energy's technical capacity. Including details of the relevant systems and processes that Telstra Energy will use for the operations of its business activities and to perform its obligations as an energy retailer.

2.1 Experience and knowledge of the industry

As a major provider for retail services in the telecommunications industry and as a registered participant in the NEM, Telstra has the experience and capabilities to operate a successful and fully compliant retail business within the gas and electricity industries.

In particular, Telstra has experience in entering into energy supply contracts (including associated financial arrangements, risk management procedures and hedging arrangements) and accounting for and settling energy transactions in the NEM.

The responsibility for managing customer contracts for over 13 million accounts nationally, Telstra has extensive experience of systems and processes for establishing and managing customer contracts and accounts (including compliance with all relevant codes and guidelines), maintaining and managing accurate customer records, management of customer contact centres (including recording, reporting and management of all interactions, handling all enquiries and dealing with complaints and their escalation to ombudsmen etc.) and the management of billing, collections and other payment related matters.

Attachment reference: Further details of Telstra's extensive capacity in this area are set out in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 16**, on a 'commercial in confidence' basis.



2.1.1 Manage wholesale exposure;

As detailed in our Energy Risk Management Policy, Telstra will consider and explore entering into arrangements with electricity generators, gas producers and other market participants to minimise its exposure in the wholesale market.

Attachments references:

Details of Telstra Energy's wholesale electricity hedging (and reallocation arrangements) are set out in the Telstra Energy Risk Management Policy, provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 7**.

Details of reallocation arrangements are provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDICES 18A&B**.

2.1.2 to 2.1.6

Details of the specific requirements for a retailer application **2.1.2 to 2.1.4** and the relevant processes are provided on a 'commercial in confidence' basis and set out in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 16**.

2.1.2 Market to customers;

Attachment reference: Details of Telstra's extensive capacity in this area is set out in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDICES 6A & B and 16**, provided on a 'commercial in confidence' basis.

2.1.3 Bill customers;

Attachment reference: Details of Telstra's extensive capacity in this area is set out in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 16**, provided on a 'commercial in confidence' basis

2.1.4 Manage connection and disconnection processes;

Attachment reference: Details of Telstra's extensive capacity in this area is set out in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 16**, provided on a 'commercial in confidence' basis.

2.1.5 Manage customer complaints;

Complaints Handling Process, Complaints Management Process and Complaints Register

The proposed Complaints Handling Process is a customer facing energy policy which provides a comprehensive summary of Telstra Energy's dispute resolution process. The proposed Complaints Management Process is an internal document that provides a framework for the handling of customer complaints across all Telstra products including Telstra Energy. It includes the processes and actions required to comply with the complaint handling obligations for telecommunications and energy, and includes matters such as complaint handling procedures, systematic record keeping, timing, escalation and analysis of the root causes of complaints. The Complaints Register sets out the data requirements regarding a customer complaint that must be recorded in Telstra's systems.

Attachment reference: A copy of Telstra Energy's proposed Complaints Handling Process, Telstra Corporation's Complaints Management Process and Complaints Register are provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDICES 9A-C**.

2.1.6 Manage dispute resolution

Attachment reference: Details of Telstra's extensive capacity in this area is set out in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDICES 9A-C**, provided on a 'commercial in confidence' basis.

2.1.7 Comply with regulatory reporting requirements;

Telstra's experience as a telecommunications provider (with significant regulatory and reporting obligations) and as a registered NEM participant, means it has significant capacity to both understand and comply with the varied



obligations and requirements which will be imposed on it as an energy retailer.

As a NEM participant and major utility retailer, Telstra already has in place substantial systems and processes to support these obligations (including arrangements with distributors, metering organisations, provision of information to customers, maintenance of confidentiality and privacy, management and maintenance of customer information management systems and established compliance and records management systems).

Attachment reference: Further details of Telstra's capacity to comply with all relevant regulatory requirements is set out in ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 17, provided on a 'commercial in confidence' basis.

2.1.8 The experience and qualifications of any relevant key employees who will manage those systems and processes

Telstra Corporation is one of Australia's largest retail telecommunications company. The proposed energy retail business will have the necessary expertise, knowledge and skill base to operate an energy retail business. The business will be supported by a Board and Management team with significant experience gained from Telstra's involvement in the telecommunications and energy sectors and the significant direct involvement in energy retail businesses by the senior management of the Telstra Energy team.

Attachment reference: Details of Telstra Energy personnel and their expertise and experience including, where relevant, supplier contract management, customer account and contract establishment and management, customer service and information provision, billings and collections management, provision of information to distributors, meter reading arrangements, wholesale trading, operations management, records management, compliance systems management, IT systems development and management, settlements and risk management are set out in ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 2, provided on a 'commercial in confidence' basis.

2.1.9 If the applicant will engage contractors or agents to assist with the licensed activities

Telstra Energy does not currently have employees. The activities required of Telstra Energy will be undertaken by staff of Telstra Corporation Ltd, including staff in the Telstra Energy business unit. All staff are contractually required to adhere to the policies, procedures, business rules and processes of Telstra Corporation, its subsidiaries or functional units (and consequently, Telstra Energy).

Telstra Energy is supported by a team of dedicated energy specialists who have extensive experience in energy retailing (gas and electricity), in Victoria and nationally. This includes establishing new entrant market participants, introducing innovative retail concepts, dealing with energy suppliers and distributors, settling wholesale transactions and developing and operating small and large generation assets, as well as maintaining compliance with retail and wholesale related obligations.

Given the significant internal capabilities that Telstra possesses in this space, Telstra will not be relying on any other entities to provide staff and resources to meet its licence obligations.

Attachment reference: A diagram showing Telstra Energy corporate and ownership structure is provided in Section 1.4 of this application. Telstra Energy's incorporation details are provided in ATTACHMENT 1 – CONFIDENTIAL INFORMATION – GENERAL INFORMATION ON THE APPLICANT, APPENDICES 1A AND 1B.

Where further specific skills have been identified and are required for operating and growing its retail business over time, Telstra Energy has undertaken (and will continue to undertake) external recruitment and engagement of individuals and suppliers with the relevant experience to facilitate the conduct and operation of an energy retail business. In addition to the recruitment of a number of experienced energy industry staff with expertise in IT, customer support and industry processes, Telstra is currently recruiting a compliance program manager, two regulatory specialists, a regulatory reporting specialist, and five senior risk specialists that are all relevant to managing energy compliance.



2.2 Risk management

Provide confirmation and reasonable evidence that the applicant has identified the risks associated with energy retail operations. And that the applicant has established, utilise and rely upon risk management systems and processes which are adequate, accurate and current to address those risks. A copy of the applicant's risk management strategy and confirmation of any accreditation (e.g. AS/NZS ISO 31000:2009) should be provided.

2.2.1 Risk, governance and compliance management policies and procedures

Telstra is committed to maintaining a strong compliance record and conducting its activities in accordance with applicable laws and regulatory obligations.

Telstra's approach to Risk Management & Compliance Processes

Telstra conducts its activities in accordance with the law and its regulatory obligations. This is achieved through, amongst other things, the Group Compliance Framework which brings together Telstra's business units and the individual subject matter specific compliance programs in an integrated, consistent and collaborative way.

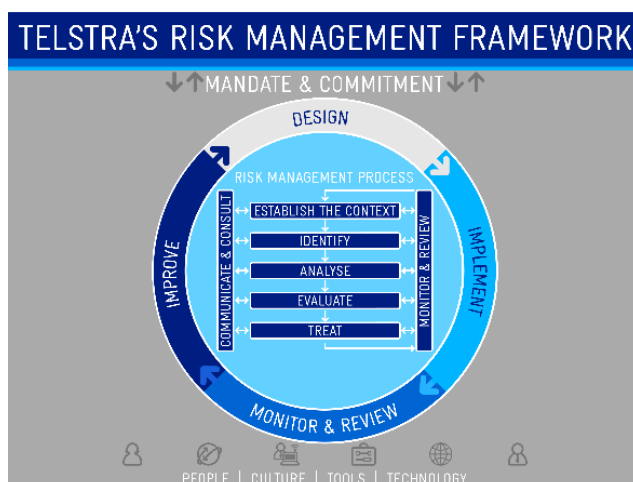
Telstra maintains a comprehensive program-based approach to compliance. Every Compliance Program is managed by a subject matter expert, who works with the business units to help them understand the various legal and regulatory obligations and responsibilities of Telstra Energy and translate them into appropriate practice. The compliance programs include (but are not limited to): Health, Safety and Wellbeing, Environment, Privacy, Competition and Consumer Protection, Diversity and Inclusion, Disability Services, Fraud, Domestic Telecommunications Regulatory, Information Security, Migration Plan, Financial Reporting Framework, Records Management and Continuous Disclosure.

This program-based approach at a corporate level is supported by a network of senior personnel appointed to perform the functions of Business Unit Compliance Manager. They are supported by business unit personnel who implement the compliance programs within their business unit.

The Audit and Risk Committee assists the Board in discharging its responsibilities by overseeing Telstra's approach to achieving compliance with applicable laws and obligations. This oversight is facilitated by the preparation of regular compliance reports which are presented to the Audit and Risk Committee.

Risk Management Framework

Telstra has a Risk Management Framework in place that provides the foundations and organisational arrangements for how we manage risks across the Group. This Framework is underpinned by Telstra's Risk Management Policy, Standard, Charter, and Strategy; and is aligned with international standard AS/NZS ISO 31000:2009 Risk management – Principles and Guidelines (the International Standard for risk management), and consists of a set of components for designing, implementing, monitoring, reviewing and continually improving risk management at Telstra.





At the centre of the Framework is a set of processes for identifying, analysing, evaluating and treating/ accepting risks. The Framework is designed, implemented and reviewed via our 'Three Lines of Defence' accountability model, which consists of the following:

- First Line – business stakeholders and operational management who are responsible for identifying, assessing and managing their risks;
- Second Line – the Chief Risk Office (CRO), and risk management teams in the business units and Group Compliance Program Managers, who are responsible for risk and compliance frameworks, oversight and monitoring; and
- Third Line – our Group Internal Audit who is responsible for providing independent assurance on governance, risk management and internal control processes.

Attachment reference: More information on Telstra's Risk Management Framework can be found in Telstra's 2020 Corporate Governance Statement².

Audit and Risk Committee

Telstra also has an Audit and Risk Committee which assist the Board in discharging its responsibilities on matters relating to:

- financial reporting;
- risk management;
- compliance;
- external audit;
- internal control;
- internal audit;
- Telstra's Director of Equivalence;
- corporate governance developments relevant to the Audit and Risk Committee's responsibilities; and
- matters that may significantly impact the financial condition or affairs of the business.

The Audit and Risk Committee has the following overarching responsibilities with respect to risk management:

- Overseeing management's design and implementation of Telstra's risk management framework and reviewing that framework at least annually to satisfy itself that it continues to be sound;
- Reviewing Telstra's actual and emerging principal risk exposures and reviewing trends in Telstra's profile of those risks;
- Reviewing and monitoring the adequacy and effectiveness of management's reporting and risk management responses;
- Reviewing insurance and other risk transfer arrangements and considering whether appropriate coverage is in place;
- Overseeing the process for the management of matters raised by whistle-blowers and reviewing significant matters raised through the process;
- Reviewing and approving the Chief Risk Office Charter; and
- Ensuring the Chief Risk Officer has full access to meet with or otherwise liaise with the Chairman of the Audit and Risk Committee.

The Audit and Risk Committee also has the responsibility of overseeing Telstra's compliance with applicable laws and regulatory obligations and overseeing the design and implementation of Telstra's framework to achieve compliance with those laws and regulatory obligations, including:

- reviewing the results of management's investigation and action in relation to significant identified acts of non-compliance;
- reviewing updates from management, the Group General Counsel and the Company Secretary regarding compliance matters that may have a material impact on Telstra's reputation or financial statements;
- reviewing the findings and recommendations of any examinations by key regulatory agencies; and
- reviewing Telstra's health, safety and environmental performance, including monitoring the effectiveness of Telstra's health, safety and environmental management system and considering significant issues relating to health, safety and the environment.

² Governance at Telstra - <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/2020-Corporate-Governance-Statement.pdf>
Application for Gas Industry Retail Licence – Telstra Energy (Retail) Pty Ltd ABN 23 645 100 447



Attachment reference: Further information on the Telstra Board and Audit and Risk Committee can be found in the Audit and Risk Committee Charter³.

Telstra's Risk Management & Compliance frameworks have been subject to regular external review and audit (most recently in 2020). Telstra is in the process of organising a specific external review of its proposed Risk Management and Compliance programs.

Energy Risk Management Policy

As part of establishing the Telstra Energy retail business, Telstra is enhancing its energy risk management policies and processes including implementing a dedicated energy risk management policy with appropriate separation of duties, requirements for training, monitoring and reporting and set exposure limits consistent with the Telstra Energy business plan, financial model and risk appetite.

Telstra Energy will enter into re-allocation arrangements with Telstra Energy (Generation) Pty Ltd to minimise its exposure to the wholesale market.

Attachment reference: The current draft of the Telstra Energy Risk Management Policy, covering both operational and financial risks, is provided in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 7.**

2.2.2 Other relevant frameworks, policies and procedures

Telstra has in place a full suite of policies, procedures and protocols to support compliance with its obligations.

Attachment reference: These procedures are included in the extract of Telstra's Register of Policies and Procedures as provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 8.**

In addition to the policies listed in the Register of Policies and Procedures, Telstra is in the process of creating new or updating existing policies to comply with energy obligations, including drafts of the Privacy Policy & Statement, Energy Retail Record Keeping Policy, Life Support Policy, Financial Hardship Policies and Domestic and Family Violence Policy, to reflect Telstra's entry into the energy retail sector. As these policies are still subject to internal operationalisation, they are provided for the purpose of this application, on a 'commercial in confidence' basis.

Life Support Policy and Life Support Frequently Asked Questions (FAQs)

The proposed Life Support Policy is a new policy and incorporates the recent rule change proposals in the draft rule and rule determination to the NERR to lower the barriers for life support customers when it comes to switching retailers. We are aware that the draft rule may change after consultation and we may need to amend our policy accordingly. The proposed Life Support FAQs are provided as another way to explain details of the proposed Life Support Policy and to provide additional clarity to our customers.

Attachment reference: A copy of Telstra Energy's proposed Life Support Policy and Life Support FAQs are provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDICES 10A & B.**

Financial Hardship Policies

Attachment reference: A copy of Telstra Energy's proposed Financial Hardship Policy for customers in Victoria is provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 11.**

Privacy Policies and Statement

Attachment reference: A copy of Telstra Energy's proposed privacy policy is provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 12A.**

Energy Retail Record Keeping Policy

The proposed Energy Retail Record Keeping Policy provides guidance for the records that must be created, maintained and retained in carrying out Telstra's activities as an energy retailer, the format of the records and the applicable retention periods. The record retention period is primarily 7 years which reflects Telstra's internal

³ Telstra Audit & Risk Committee Charter - <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/ARC-Charter-0220.pdf>



policy to keep records for that period of time (and is longer than the minimum legal period prescribed for energy retail record keeping).

Attachment reference: A copy of Telstra Energy's proposed record keeping policy is provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 13.**

Domestic and Family Violence Policy

The proposed Domestic and Family Violence policy provides information on how Telstra can help customers affected by domestic and family violence, including information on some external support services that might be able to help.

Attachment reference: A copy of Telstra Energy's proposed Domestic and Family Violence Policy is provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 14.**

2.3 Registration with the Australian Energy Market Operator

Indicate if the applicant has or intend to register with the Australian Energy Market Operator. If the applicant is already registered or intending to register, provide details of the registration or inquiries made. If the applicant is not intending to register with the Australian Energy Market Operator, please provide a reason.

On 14th December 2020 Telstra Energy submitted its application for registration as a NEM Market Customer (Retailer) with AEMO.

On 29th January 2021, Telstra Energy submitted its applications for registration as a participant in the Short-term Trading Market (STTM) and NSW, QLD & SA retail gas markets and a participant in the Declared Wholesale Gas Market (DWGM) and VIC retail gas market.

Telstra Energy is maintaining an ongoing dialogue with AEMO in relation to these applications.



2.4 Licences held in other Australian jurisdictions

If the applicant holds, or have previously held, electricity and/or gas licences in other Australian jurisdictions please provide details. If a licence previously held has been suspended or cancelled, please provide details.

Telstra Energy (Retail) Pty Ltd has never held and does not currently hold any energy licences in Australia. Applications for an Electricity Industry Retail Licence in Victoria and for AER Energy Retailer Authorisations (both electricity and gas) are currently underway.

2.5 Previous unsuccessful licence applications in other Australian jurisdictions

Identify and provide details on whether the applicant has applied for an electricity or gas licence in another Australian jurisdiction and have not been issued with a licence.

Telstra Energy (Retail) Pty Ltd has not been unsuccessful nor been refused a Licence in Victoria or other Australian jurisdictions.

2.6 Licences held by associates of the applicant

If an associate (within the meaning of the Corporations Act 2001) holds an electricity or gas licence in Victoria or in other Australian jurisdictions, please provide details.

On 13th February 2019, the Essential Services Commission granted a Wholesale Electricity Licence to Telstra Energy (Generation) Pty Ltd, for the sale in Victoria, of the electricity generated by the Murra Warra Wind Farm.



2.7 Compliance management

Provide evidence of how the compliance systems the applicant has (or are intending to have) in place will ensure compliance with all of the relevant regulatory obligations required by the retail licence. This evidence may include a copy of the applicant's compliance management strategy and confirmation of any accreditation (e.g. AS ISO 19600:2015).

2.7.1 Evidence that the applicant has the capacity to comply with the licence conditions, laws, codes and guidelines relevant to its application

Attachment reference: Refer to overall compliance strategy provided on a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 15.**

Telstra Energy is a wholly owned subsidiary of Telstra Corporation Limited. As a Market Customer, a User in the STTM, a Participant in the DWGM and relevant gas retail markets, an Electricity and Gas Retail Licence holder and an Electricity and Gas Retailer Authorisation holder, Telstra Energy will have responsibilities in relation to the sale and supply of gas to its customers.

As a major provider for retail services in the telecommunications industry and, through Telstra Energy (Generation) Pty Ltd, as a registered participant in the NEM, Telstra and its subsidiaries have the experience and capabilities to operate a successful and fully compliant retail business in the gas (and electricity) industry.

In particular, Telstra has experience in entering into energy supply contracts (including associated financial arrangements, risk management procedures and hedging arrangements) and accounting for and settling energy transactions in the NEM.

Having the responsibility for managing customer contracts for over 13 million accounts nationally, Telstra has extensive experience of systems and processes for establishing and managing customer contracts and accounts (including compliance with all relevant codes and guidelines), maintaining and managing accurate customer records, management of customer contact centres (including recording, reporting and management of all interactions, handling all enquiries and dealing with complaints and their escalation to ombudsmen etc.) and the management of billing, collections and other payment related matters.

Attachment reference: Further details of Telstra's extensive capacity in this area are provided a 'commercial in confidence' basis in **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 17.**

Telstra Energy takes seriously its obligations as an energy market participant and has established a dedicated team within Telstra with the experience, capabilities and commitment to manage the Telstra Energy business. The team is led by Ben Burge who has had previous experience in establishing and leading innovative customer facing and energy related businesses including Meridian Energy Australia (and its retail arm Powershop Australia), Telstra's value-focussed internet and mobile service provider, Belong, and Telstra's generation and wholesale markets participation through Telstra Energy (Generation) Pty Ltd.

The team has significant established experience across a range of energy retail (gas and electricity), network and generation businesses and market bodies including: AGL, Origin Energy, Energy Australia, Ergon, Energex, United Energy, Meridian Energy, Powershop, AEMO and AEMC. This includes establishing new entrant market participants, introducing innovative retail concepts, dealing with energy suppliers and distributors, settling wholesale transactions and maintaining compliance with retail and wholesale related obligations.

In addition, the management team will be supported by the wider Telstra Corporation Limited management team and resources, and a number of specific personnel with experience relevant to the performance of the obligations of a licensed energy retailer.

Attachment reference: **ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 16,** provides evidence of Telstra Energy's access to the required expertise to comply with all relevant rules including, where relevant, supplier contract management, customer account and contract establishment and management, customer service and information provision, billing and collections management, provision of information to distributors, meter reading arrangements, wholesale trading, operations management, records management, compliance systems management, IT systems development



and management, settlements and risk management.

2.7.2 Compliance register which identifies i) key regulatory obligations, ii) the source of each obligation, iii) the key actions to be taken to ensure compliance, and iv) the principal personnel responsible for ensuring compliance

The compliance strategy includes an overview of the compliance framework, a plan to implement the changes necessary to launch energy products with compliant processes and a register which sets out the above requirements.

Attachment reference: ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY, APPENDIX 15, provided on a 'commercial in confidence' basis.

2.8 Additional information

Provide any additional information the applicant considers relevant to the commission's assessment of the applicant's technical capacity.

2.8.1 Confirmation that the applicant has liaised with Energy Safe Victoria and other industry bodies (including the Energy and Water Ombudsman (Victoria) (EWOV) and other regulators).

On 20th November 2020, Telstra Energy met with Energy Safe Victoria to discuss its Gas Safety Case. On the 26th of November, a draft of the Gas Safety Case was submitted to Energy Safe Victoria for their review. On 7th December, feedbacks were received from ESV following their review of the first draft Gas Safety Case. Telstra Energy will shortly submit its final Gas Safety Case to ESV.

Telstra Energy has made enquiries with the Energy & Water Ombudsman Victoria (EWOV), in relation to becoming a member of their scheme and was advised on 7th December that the relevant Electricity and Gas Industry Retail Licences must have been approved by the Essential Services Commission prior to becoming a member of the scheme. In the meantime, Telstra Energy is preparing its membership applications (both electricity and Gas) to the EWOV schemes.

Telstra Energy has initiated and is maintaining an ongoing dialogue with AEMO and the AER in relation to its applications for registration as a participant in the Declared Wholesale Gas Market (DWGM) and VIC retail gas market and Energy Retailer Authorisations.

Telstra Energy is currently in discussions with Australian Gas Networks Ltd (AGN), Multinet Gas Networks and AusNet Services in Victoria, regarding its entitlement to deliver energy to its customers on their networks.

They advised on 8th February that an approved Gas Industry Retail Licence from the Essential Services Commission and AEMO registered participant ID were required prior to proceeding to execute the relevant Access Arrangements Haulage Agreements to operate on their distribution network.

Telstra Energy is currently reviewing the standard Access Arrangements Haulage Agreement documentation and at their request, will notify them once its applications for registration as a participant in the Declared Wholesale Gas Market (DWGM) and VIC retail gas market and for a Gas Industry Retail Licence have been approved by AEMO and the Essential Services Commission.



3. FINANCIAL VIABILITY

3.1 Financial resources

The applicant must provide a statement that will be made available to the public during the consultation period that the applicant has the financial resources to commence and sustainably perform the relevant licensable activities, and meet the service standards for small customers (if applicable).



As a wholly owned subsidiary of Telstra Corporation Limited (Telstra), Telstra Energy (Retail) Pty Ltd (Telstra Energy) has access to significant financial resources and capability to meet its financial commitments to operate and sustain a viable business in the gas (and electricity) industry.

Telstra Energy is composed of a strong and capable management team to ensure that its long-term goals and business objectives are achieved.

The following section sets out the required information with respect to Telstra Energy's financial resources and capabilities to sustain its energy retail business operations.

3.1.1 Statement confirming that (i) the applicant is financially viable and has the financial resources to commence and sustainably operate the retail business; and (ii) the applicant will be a registered market participant with the Australian Energy Market Operator for its retail business and subject to prudential requirements under the National Gas Rules.

As a wholly owned subsidiary of one of the largest publicly listed company in Australia, Telstra Energy (Retail) Pty Ltd is financially viable and has the financial resources to commence and sustainably operate the retail business; and will be a registered market participant with the Australian Energy Market Operator for its retail business and subject to prudential requirements under the National Gas Rules.

Attachment reference: Statutory Declaration from the CEO of Telstra Energy (Retail) Pty Ltd is provided on a 'Commercial in Confidence' basis in **ATTACHMENT 6 – CONFIDENTIAL STATUTORY DECLARATION, APPENDIX 28.**

3.2 Supporting documentation

The applicant must provide documentation to demonstrate the applicant has access to sufficient financial resources to sustain a viable business in the electricity and/or gas industry. Please provide the attachment reference for each document listed below and mark commercial-in- confidence where required:

- a) audited financial statements for the previous financial year or the past 12 months

Attachment reference:

- b) annual report

Attachment reference:

- c) guarantees in place

Attachment reference:

- d) shareholder register

Attachment reference:

- e) statements from bank/financiers, shareholders, the board or parent company

Attachment reference:

- f) Please provide a statutory declaration by an officer of the company, disclosing:
- any material change in the financial position of the licence applicant that has occurred since the end of last financial year for which audited accounts are provided
 - any likely changes in the structure, operation or financing of the company or the licensed activity that could materially affect its financial viability.

Attachment reference:

3.2.1 Audited financial statements for the previous financial year or the past 12 months

Telstra Energy is a wholly owned subsidiary of Telstra Corporation Limited (Telstra). It was established on 14th October 2020.

Telstra intends to join Telstra Energy to the Telstra Deed of Cross Guarantee such that Telstra Energy will be relieved from the requirement to prepare and lodge audited financial statements under the *Corporations Act 2001* (Cth). This means that, going forward, the financial performance of Telstra Energy will be reported at the group level by Telstra.



Based on Telstra's 2020 Annual Report and Financial Statements:

- Telstra had Total Assets of A\$44,403m and Net Assets and Total Equity of A\$15,147m as at 30 June 2020; and
- In FY20 on a reported basis, Telstra had Total Income of A\$26,161m, EBITDA of A\$8,905m, and Net Profit After Tax of A\$1,839m.

Attachment reference: A copy of the Telstra Corporation 2020 Annual Report and Financial Statements is available [here](#)⁴.

3.2.2 Annual Report

Attachment reference: Refer to the Telstra Corporation 2020 Annual Report and Financial Statements.

3.2.3 Guarantees in place

The corporate structure of Telstra Energy, and relationship to Telstra, is outlined in **Section 1.4** of this application. Telstra Energy forms part of the Telstra tax consolidated group. As noted above Telstra intends to join Telstra Energy to the Telstra Deed of Cross Guarantee.

As is the case for any operating subsidiary within a corporate group, there will be a suite of internal intra-company arrangements and processes between Telstra and Telstra Energy to appropriately account for the energy business within the Telstra group and to ensure that Telstra Energy can access financial and other resources available at the parent company level or other entities in the Telstra group (such as current account agreements and facilities).

Attachments references: Details of those arrangements are provided on a 'commercial in confidence' basis in **ATTACHMENT 3 – CONFIDENTIAL INFORMATION ON FINANCIAL VIABILITY, APPENDIX 19A & B**.

3.2.4 Shareholder register

Telstra Energy (Retail) Pty Ltd is a wholly owned subsidiary of Telstra Corporation Limited. Telstra Corporation is a widely held company listed on the ASX.

Attachment reference: Refer to Details of the substantial shareholders of Telstra and its top 20 shareholders as at 30 June 2020, are set out on page 179 of Telstra's 2020 Annual Report⁵.

3.2.5 Statements from bank/financiers, shareholders, the board or parent company

Attachment reference: Telstra Corporation Limited Letter of Comfort in respect of Telstra Energy (Retail) Pty Ltd, provided on 'Commercial in Confidence' basis in **ATTACHMENT 3 – CONFIDENTIAL INFORMATION ON FINANCIAL VIABILITY, APPENDIX 19B**.

3.2.6 Statutory declaration by an officer of the company, disclosing i) any material change in the financial position of the licence applicant that has occurred since the end of last financial year for which audited accounts are provided; and ii) any likely changes in the structure, operation or financing of the company or the licensed activity that could materially affect its financial viability.

Attachment reference: A statutory declaration from the Chief Executive Officer of Telstra Energy, confirming the company's current financial position, and confirming that Telstra Energy is a going concern in respect of its financial viability, is provided on a 'Commercial in Confidence' basis in **ATTACHMENT 3 – CONFIDENTIAL INFORMATION ON FINANCIAL VIABILITY, APPENDIX 20**.

⁴Telstra Corporation 2020 Annual Report: <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/2020-Telstra-Annual-Report.pdf>

⁵ Telstra Corporation 2020 Annual Report: <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/2020-Telstra-Annual-Report.pdf>



If the applicant is a new business (start-up) please provide a five-year business plan. The business plan must demonstrate that the applicant meets the financial viability criterion. For example, it should provide information on (as applicable):

- current valuations of the assets that will be used in undertaking the licensed activity
- all sources of revenues from the licensed activity
- all costs involved in undertaking the licensed activity, including:
 - the cost of meeting any prudential requirements
 - the cost of capital/debt
 - the cost to acquire and serve customers
 - the cost of meeting licence obligations
 - a financial model that supports the business plan.

Where revenues and/or costs are not fixed by contract, the business plan must include an explanation of the basis of the figures used, and include appropriate sensitivity analyses for such variables.

3.2.7 Five Year Business Plan and associated Financial Model

The Telstra Energy business plan and associated financial model confirm that Telstra Energy meets the financial viability criterion and that it has sufficient financial resources to sustain its gas and electricity retail business operations.

The business plan and financial model take into account all costs involved in undertaking the licensed activity, including the cost of meeting any prudential requirements, the cost of capital/debt, the cost to acquire and serve customers and the cost of meeting licence obligations.

Attachments references: The Telstra Energy business plan and associated detailed financial model, setting out Telstra Energy's plans for entering the energy retail market are provided on a 'commercial in confidence' basis in **ATTACHMENT 3 – CONFIDENTIAL INFORMATION ON FINANCIAL VIABILITY, APPENDICES 21 and 22**.



Suitability of applicant to hold a licence

4. FIT AND PROPER PERSON

In deciding whether to grant or refuse a licence application, the commission will consider whether the applicant is a fit and proper person to hold a licence in Victoria.

The concept of a 'fit and proper person' is established by common law and takes its meaning from its context, from the activities in which the person is or will be engaged, and the ends to be served by those activities.

In considering whether an applicant is a fit and proper person, we will have regard to the applicant's honesty, integrity and reputation. These are relevant factors as they can inform an assessment of the likelihood of future conduct.

We will also consider the conduct of directors, office holders or any person with significant managerial duties or influence. We will also consider the conduct of related bodies corporate or entities that can exert control over the applicant.

a) Have any directors of the applicant, directors of any entity that can exert control over the applicant, or any person with significant managerial responsibility or influence on the applicant:

- i. been declared bankrupt,**
- ii. had their affairs placed under administration,**
- iii. been disqualified from managing a company,**
- iv. been subject to debt judgements, or**
- v. insolvency proceedings (including any administration, liquidation or receivership in connection with the affairs of a company)?**

If yes, provide details:

None of the Directors of the applicant or its parent bodies have been declared bankrupt; have their affairs placed under administration; or have been disqualified from managing a company.

Otherwise than as set out in **Appendices 23** and **23B**, none of the directors of the applicant, directors of any entity that can exert control over the applicant or any person with significant managerial responsibility or influence on the applicant have been subject to any debt judgments, or insolvency proceedings (including any administration, liquidation or receivership in connection with the affairs of a company).

Attachments references: ATTACHMENT 4 – CONFIDENTIAL INFORMATION ON FIT AND PROPER PERSON, APPENDICES 23 AND 23B.



b) Has the applicant, any directors of the applicant, directors of any entity that can exert control over the applicant or any person with significant managerial responsibility or influence on the applicant 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))?

If yes, provide details:

Telstra is committed to meeting its obligations and expectations of the community. Unfortunately, as we have recently admitted to the ACCC⁶, we don't always get it right. We have admitted that between January 2016 and August 2018 we signed up 108 Indigenous consumers to multiple post-paid mobile contracts which they did not understand and could not afford. This is unconscionable conduct and we admitted it is in breach of the Australian Consumer Law.

We acknowledged to the ACCC that we did not have effective systems in place to detect or prevent this type of conduct. We have grappled with the gravity of this issue and acknowledge the impact to the customers involved was significant. As Telstra's CEO, Andy Penn, explained earlier this year,⁷ it's incredibly disappointing when things go wrong but we need to confront it and address every concern. We have taken a number of key actions:

- Implementing contact centres specifically for our rural, remote and Indigenous customers with staff specifically trained to cater to these differing needs;
- Strengthening our external credit assessments;
- Undertaking additional training for frontline staff to refresh their awareness of acceptable sales practices, along with cultural awareness and capability skills;
- Actively reaching out to customers to ensure they are on the right plan. Our work here has focused on customers who our records show have outstanding debt, or who have missed or are late making payments;
- Providing proactive support to customers who have found themselves in financial hardship by proactively buying back debt;
- The introduction of new plans which eliminate many of the causes of high or unexpected charges, including excess data charges and fixed-term lock-in contracts;
- Enhancing our performance monitoring tools, and increasing the checks and balances we have in place to ensure they aren't circumvented; and,
- Deepening our engagement with financial counsellors and other groups on our sales approach to ensure customers are supported and our sales processes are sensitive to the needs of all our customers. This engagement will also help us identify any emerging issues and get ahead of them.

Andy Penn visited communities in the Northern Territory and Western Australia to meet with some of the communities and customers affected by Telstra's failings. He apologised for the impact Telstra's actions had and wanted to hear how our program of initiatives to address the failings was going.

Telstra's Board recognises the fundamental importance of doing business responsibly, and as a result of Telstra failing to sell its services responsibly, has reduced the individual pay of Telstra executives who were accountable for the areas of the business where these issues occurred.⁸

Telstra is committed to continuing the work outlined above to improve the way we do business. This was a significant issue that we are focussing an enormous effort on addressing and it is indicative of our approach that when we find an issue, we fix it, and we are transparent and cooperative with the regulator.

Attachments references: Further detail on this and other issues are provided in **ATTACHMENT 4 – CONFIDENTIAL INFORMATION ON FIT AND PROPER PERSON, APPENDICES 23 AND 23A.**

⁶ See <https://www.accc.gov.au/media-release/telstra-in-court-over-unconscionable-sales-to-indigenous-consumers>

⁷ See <https://exchange.telstra.com.au/the-heart-of-responsible-business/>

⁸ See <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/130820-Financial-results-for-the-full-year-ended-30-June-2020.pdf>



c) Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility or influence on the applicant been involved in any material breaches of obligations regulated by the commission or any other regulator?

If yes, provide details:

No.

d) Has the applicant, any related body corporate or any person with significant managerial responsibility or influence on the applicant, been refused a licence or authorisation, or had restricted, suspended or revoked any such licence?

No.



e) Please provide any other information the applicant considers is relevant to the commission's fit and proper person assessment

As a subsidiary of a major listed Australian Corporation with demonstrated capabilities in delivering essential services to Australian consumers, with strong management and governance structure and with a commitment to regulatory compliance, Telstra Energy is a fit and proper person to hold an energy retailing Licence.

Attachments references:

- ATTACHMENT 4 – CONFIDENTIAL INFORMATION ON FIT AND PROPER PERSON, APPENDICES 24-27; and
- ATTACHMENT 4 – CONFIDENTIAL INFORMATION ON FIT AND PROPER PERSON, APPENDIX 28.

Additional information

Please answer the following questions and, where the answer to any question is “no”, provide further detail.

f) Is the applicant a resident of, or does it have permanent establishment in, Australia?

Yes

g) Is the applicant under external administration (as defined in the Corporations Act 2001) or under a similar form of administration under any laws applicable to it in any jurisdiction?

No - Telstra Energy (Retail) Pty Ltd is not under external administration (as defined in the Corporations Act 2001) or under a similar form of administration under any laws applicable to it in any jurisdiction, as the company is solvent.

For further details in relation to Telstra Energy's financial viability refer to **Section 3** of this application.

h) Is the applicant immune from suit in respect of the obligations under the Gas Industry Act 2001?

No – As a company incorporated under the Corporations Act 2001, Telstra Energy (Retail) Pty Ltd is not immune from suit and is capable of being sued in its own name in a court of Australia.

i) Is the applicant capable of being sued in its own name in a court of Australia?

Yes.



5. COMMISSION OBJECTIVES

In deciding whether to grant or refuse a licence application, the commission must consider its objectives under the Electricity Industry Act and/or Gas Industry Act and the Essential Services Commission Act.

Our objective under the Essential Services Commission Act, when performing our functions and exercising our powers, is to promote the long-term interests of Victorian consumers. In seeking to achieve this objective, we must have regard to the price, quality, and reliability of essential services and the matters set out in section 8A to the extent they are relevant.

Please provide any information the applicant considers relevant to the commission's consideration of its objectives outlined in:

- Section 8 of the Essential Services Commission Act (also see s 8A of the Essential Services Commission Act),
- Section 10 of the Electricity Industry Act, and/or
- Section 18 of the Gas Industry Act.

Telstra Energy considers that the granting of a retail licence will protect the long-term interest of Victorian consumers with regards to the price, quality and reliability of essential services. In particular:

- The participation of Telstra (one of Australia's largest companies by market capitalisation, and profitability), will contribute to the financial viability of the Energy retailing sector;
- Due to Telstra's depth of capability, its established customer relationships and its ability to compete with existing market participants, demonstrates Telstra's ability to promote competitive market conduct and that its entry into the market will assist in ensuring that the misuse of monopoly or non-transitory market power is prevented and will facilitate effective competition and promote competitive market conduct;
- As a major corporation Telstra has a strong commitment to Health, Safety, Environmental & Social responsibilities (this commitment is shared by the Board of Directors, Senior Management and all staff and is supported by significant investments in appropriate staffing, systems and processes including regular public reporting of progress in these areas);
- As a provider of critical public services in the telecommunications space, Telstra has demonstrated its long-term and consistent commitment to, and experience in, protecting the interests of users and consumers through the promotion of effective competition as a means to driving efficiency and affordability. Telstra endeavours to meet its obligations and the expectations of the community and is committed to helping to ensure low-income and vulnerable customers have appropriate access to services and benefit fully from the gains derived from such competition and efficiency.
- As a national business with an intention to develop an energy retail business to serve customers throughout Australia, Telstra intends to work actively with the Commission to support consistency in regulation between the States and on a national basis, where such consistency is appropriate and in line with the Commission's other objectives.

In addition, Telstra Energy draws the Commission's attention to:

- Telstra is a major successful Australian corporation with extensive experience in providing competitive telecommunications retail services to Australian consumers. As such, it anticipates its entry into the energy retail sector, to be both significant and assist in the promotion of competition and fair trading in that sector;
- Telstra endeavours to deliver in the best interests of consumers and, in particular, to supporting and protecting customers particularly those facing payment difficulties.



- Our intention to provide services in both electricity and gas and our commitment to work with the Commission to ensure that a consistent approach to regulation is promoted between the electricity and gas industries.



6. STATUTORY DECLARATION

That all information provided in this application for the issue of a gas retail licence is true and correct must be verified by a statutory declaration. This statutory declaration must be made by the applicant (where the applicant is an individual) or a director of the applicant (where the applicant is a corporation) and must be made in accordance with the requirements of the Oaths and Affirmations Act 2018 (Vic).

An example statutory declaration form can be found [here](#). Information for authorised witnesses can be found [here](#).

The statutory declaration must address the following:

- 1) identification of the declarant's position and/or role with the applicant
- 2) that the declarant believes the information provided in the application to be true and correct
- 3) that the declarant believes the applicant has the financial resources to commence and operate the activities the subject of the licence. Further, that the applicant intends to be/is registered as a market participant with the Australian Energy Market Operator in relation to the activity of selling gas (if applicable).

Attachment reference: A Statutory Declaration from the CEO of Telstra Energy (Retail) Pty Ltd addressing the above statements is provided on a 'Commercial in Confidence' basis in **ATTACHMENT 6 – CONFIDENTIAL STATUTORY DECLARATION, APPENDIX 29.**



ATTACHMENTS

ATTACHMENT 1 – INFORMATION ON GENERAL INFORMATION

Appendix 1A– Certificate of Registration

Appendix 1B - Constitution

ATTACHMENT 2 – CONFIDENTIAL INFORMATION ON TECHNICAL CAPACITY [COMMERCIAL IN CONFIDENCE]

Appendix 2 – Experience of Telstra Energy Directors, Managers & other Key Personnel

Appendix 3A - Contractual & Operational Arrangements

Appendix 3B - TCorp TER_Intercompany Services Agreement

Appendix 4A – TSA – Metering Services 1

Appendix 4B – TSA – Metering Services 2

Appendix 5A – TSA – IT Services 1

Appendix 5B – TSA – IT Services 2

Appendix 6A – Standard Retail Customer Contract Terms

Appendix 6B –Market Retail Contract Terms

Appendix 7 – Telstra Energy Risk Management Policy

Appendix 8 – Extract from Register of Policies and Procedures

Appendix 9A - Telstra Energy proposed Complaints Handling Process

Appendix 9B - Telstra Corporation Complaints Management Process

Appendix 9C - Telstra Complaints Register

Appendix 10A – Telstra Energy proposed Life Support Policy

Appendix 10B - Life Support Frequently Asked Questions (FAQs)

Appendix 11 – Telstra Energy proposed Financial Hardship Policy

Appendix 12A – Telstra Energy Privacy Policy & Statement

Appendix 12B – Telstra Information Management Policy

Appendix 13 – Energy Retail Record Keeping Policy

Appendix 14 – Domestic and Family Violence Policy

Appendix 15 – Telstra Energy Compliance Strategy

Appendix 16 - Evidence on capacity to operate as an energy retail business



Appendix 17 – Evidence on capacity to comply with relevant regulatory requirements

Appendix 18A – Letter of Agreement – Energy and Dollar Offset Reallocations (TEG)

Appendix 18B – Letter of Agreement – Energy and Dollar Offset Reallocations (TER)

ATTACHMENT 3 – CONFIDENTIAL INFORMATION ON FINANCIAL VIABILITY [COMMERCIAL IN CONFIDENCE]

Appendix 19 – Business Plan

Appendix 20 – Financial Model

Appendix 21 – Statutory Declaration (i)

Appendix 22A – Telstra Energy (Retail) Pty Ltd_Current Account Agreement

Appendix 22B – Letter of Comfort_Telstra Energy (Retail) Pty Ltd

ATTACHMENT 4 – CONFIDENTIAL INFORMATION ON FIT AND PROPER PERSON [COMMERCIAL IN CONFIDENCE]

Appendix 23 - Compliance History

Appendix 23A - Telstra Compliance History

Appendix 23B – Directors and Officers Compliance History

Appendix 24 - Telstra Group Code of Conduct

Appendix 25A – Telstra Managing Conduct Policy

Appendix 25B – Telstra Conduct Management Guideline for People Leaders

Appendix 26A - Anti-Bribery and Anti-Corruption Policy

Appendix 26B - Anti-Bribery and Anti-Corruption Guidance Document

Appendix 27 – Nominee Director Handbook and Business Rules for Nominee Directors & Corporate Representatives

ATTACHMENT 5 – INFORMATION ON FIT AND PROPER PERSON

Appendix 28 – Information on Telstra Directors, Officers & Senior Management team

ATTACHMENT 6 – CONFIDENTIAL STATUTORY DECLARATION [COMMERCIAL IN CONFIDENCE]

Appendix 29 – Statutory Declaration (ii)

