



CEP Energy Retail Pty Ltd Energy Retail Licence Application (ESC)

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Introduction

This is an application by CEP Energy Retail Pty Ltd (**CEP.Energy**) for a retail authorisation for the sale of electricity in Victoria.

About CEP Energy Retail Pty Ltd

The applicant retail entity CEP.Energy is an Australian proprietary company limited by shares. It is a subsidiary of CEP Energy Pty Ltd (**CEP**), which is a market leading distributed renewable energy and storage platform through exclusive, long-term access to large portfolios of Commercial and Industrial properties.

The CEP's reason for being is captured in its full name – Clean Energy Partnerships. CEP establishes partnerships with Australian commercial, industrial and retail property owners to assist them to drive Australia towards its renewable energy targets and their sustainability goals.

With available capital in the CEP fund, CEP finances, develops and operates an end-to-end energy solution for property owners that drives the sustainability, efficiency, and environmental ratings of their buildings, improves property values, and enables them to make renewable energy, generated onsite, available to their tenants.

The CEP's current model is as an exempt seller (**ENO**) and retail purchaser (gate procurement) but seeks to broaden its capabilities by becoming an authorised retailer, to provide short- and long-term benefits to both customers and the CEP business, as an on-seller of retail contracts.

1. General Information – The Applicant

Required information	Response from CEP.Energy
1.1. Legal name of applicant	CEP Energy Retail Pty Ltd
1.2. Legal identity of applicant	ABN: 30 658 178 404 ACN: 658 178 404 Type of entity: Australian proprietary company, limited by shares
1.3. Contact details and address of the applicant	<p><u>Registered address:</u> 'Collins Square Tower 4' Level 18 727 Collins Street, Docklands VIC 3008</p> <p><u>Address for correspondence:</u> Level 1, 274 Victoria Street, Darlinghurst NSW 2010</p> <p><u>Nominated Contact:</u> Name: Connor James Position: Consultant Address: Level 2, 19 Brisbane Water Drive, Koolewong NSW 2256 Email: connor@compliancequarter.com.au Mobile: 0406 509 198 Website: www.compliancequarter.com.au</p>
1.4. Diagram of corporate and organisational structure	<p>Please see attached for diagrams of:</p> <p>a. Corporate structure (including any parent and related companies within the meaning of the Corporations Act 2001 (Cth))</p> <ul style="list-style-type: none"> • Annexure A3: CEP Energy Group Structure Diagram • Annexure A1: ASIC extract <p>b. Organisational chart (including composition of the board, management, and other key personnel responsible for the key functions).</p> <ul style="list-style-type: none"> • Annexure A2: CEP Energy Organisational Chart
1.5. The licence	<p><u>Date from which licence is sought</u> 1 March 2024</p> <p><u>Nature and scope of operations:</u></p> <p>CEP.Energy intends to retail to customers whose aggregate consumption, per annum, at a supply point is or is likely to be:</p>

	<p>b) 40MWh to 160MWh of electricity c) more than 160MWh of electricity</p> <p>CEP Energy Retail Pty Ltd will engage in the sale of electricity to large Commercial & Industrial property owners and consumers across Victoria. With access through parent company, [REDACTED]</p> <p>CEP Energy Retail's goal is to provide sustainable energy solutions to large consumers, as new sectors electrify and demand increases.</p> <p>CEP Energy Retail is uniquely positioned to support partnered large commercial and industrial property portfolio owners attract and assist C&I tenants with long term sustainable solutions to help manage their two main costs, electricity, and transportation.</p> <p>The scope and proposed size of the operation is further set out in the attached business plan (Annexure C1) and financial models (Annexure C3-C7).</p>
<p>1.6. Involvement of third parties with application</p>	<p>This application was prepared with the assistance of Compliance Quarter. The assistance included:</p> <ul style="list-style-type: none"> • comprehensively examining technical and financial capacity to comply with the various regulatory obligations. • identifying strengths and weaknesses of application and referring to specialist organizations where necessary. • development and review or drafting of required policies or procedures. • providing high level overview of business plan; and • liaising with the ESC and submitting the application on behalf of the applicant. <p>Please refer to the agreement with Compliance Quarter (Annexure A6) for further detail about the engagement.</p>

2. Technical capacity

2.1. Experience and knowledge of the industry

2.1.1. General

The Australian owned and operated retail entity CEP.Energy is a new entity without retail experience in itself. However, it is part of a group of related entities with significant experience in the industry, and the individuals and suppliers engaged have significant experience in the energy market.

The hiring of the applicant reflects its assessment regarding required capability, as noted above. The individuals hired or engaged by the applicant have expert experience in Real Time Operations within AEMO (Australian Energy Market Operator), and NEMConnect specializing in integrating renewable energy and demand side resources into the electricity markets, the retailing of energy and energy compliance and risk management.

Further details about previous experience of related entities can be found in the Business Plan (**Annexure C1**).

Further details about the experience of individuals and providers can be found in Key Individuals and Providers (**Annexure A4**).

CEP has existing embedded network operations and has developed the experience to transition to the holder of a retail authorisation. In particular, the recent acquisition of embedded network specialists, Energy Intelligence, has strengthened CEP's involvement in this area.

Energy Intelligence

Related entity and wholly owned subsidiary of CEP, Energy Intelligence's Market Role includes full Accreditation as an embedded network manager (**ENM**) with AEMO and includes an excellent status for monthly AEMO ENM Compliance Report performance since 2018.

Energy Intelligence works closely and co-operatively with the ESC and AER. With several staff members on the EWOV EN Working Group and AEMC (Australian Energy Market Commission) stakeholder Group and, in the role as an Accredited ENM with AEMO, Energy Intelligence constantly updates and reviews processes as changes in regulation unfold.

Energy Intelligence is heavily involved within the legislative arena, writing white paper responses, providing stakeholder feedback, and advising government bodies such as the ESC, AEMO, AEMC, AER and EWOV on operational intricacies of the energy market and embedded networks

Please see the Energy Intelligence Capability Statement (**Annexure A10**) and Energy intelligence Roadmap (**Annexure A11**) for further information about their previous experience.

Required information	Response from CEP.Energy
1.6.1. Systems, processes, and procedures	
<p><i>Provide comprehensive details and documentation of the systems, processes, and approaches that the applicant will use to</i></p>	<p>CEP.Energy Retail's sustainable and long-term renewable energy and storage model has developed policies and procedures supported by systems to ensure smooth operations, compliance with regulatory obligations, and protection of customers. Australian owned and operated CEP Energy Retail's focus is providing long term supply agreements to Commercial and Industrial consumers.</p> <p>The following attachments (provided on a commercial in confidence basis) cover CEP.Energy's compliance strategy:</p> <ul style="list-style-type: none"> • Annexure B2: Compliance Policy. • Annexure B3a: Compliance Reporting Procedure - Victoria. • Annexure B4: Code of Ethics. • Annexure B5a: Customer Hardship Policy - Victoria. • Annexure B6: Risk Management Policy. • Annexure B7: Risk Register / Matrix • Annexure B8: Complaints Policy • Annexure B9: Human Resources Policy • Annexure B10: Privacy Policy • Annexure B11: Audit Policy • Annexure B13: Obligations Register • Annexure B25: Family Violence Policy • Annexure B26: Life Support Policy - Victoria • Annexure B27: VIC Checklist for Energy Bills • Annexure B28: VIC Deemed Best Offer Checklist • Annexure B29: Licensed retailer Website Checklist • Annexure B30: Privacy Obligations Checklist • Annexure B31: Energy Invoice Requirements Checklist • Annexure B32: Explicit Informed Consent Checklist • Annexure B33: Complaints and Dispute Resolution Obligations Checklist • Annexure B34: Life Support Obligations Checklist • Annexure B35: Victorian Disconnection for Non Payment Checklist
a) <i>market to customers</i>	<p><u>Description:</u> CEP Energy Retail's business model is based on long</p>

	<p>term sustainable renewable energy and storage solutions for Industrial and Commercial consumers. Consumer research shows long term sustainable solutions are achieved by listening to and supporting consumer needs. While this research focused on the residential consumer, CEP Energy Retail's marketing application complies with the residential findings.</p> <p>The acquisition of Energy Intelligence, a leading, highly respected, Australian Embedded Network business established over 14 years ago, and service provider Compliance Quarter confirms CEP Energy Retail's focus to provide sustainable market solutions.</p> <p><u>Relevant attachments (provided on a commercial in confidence basis):</u></p> <ul style="list-style-type: none"> • Annexure B28: Deemed Best Offer Checklist • Annexure B29: Licensed Retailer Website Checklist • Annexure B30: Privacy Obligations Checklist • Annexure B32: Explicit Informed Consent Checklist • Annexure B33: Complaints and Dispute Resolution Obligations Checklist <p><u>Key employee supervising:</u> Energy Market and Compliance Director</p>
<p>b) <i>bill customers</i></p>	<p><u>Description:</u> CEP Energy Retail agrees to implement the Energy Retail Code of Practice, including as described in the Checklists, Obligations and Requirements attached below:</p> <p><u>Relevant attachments (provided on a commercial in confidence basis):</u></p> <ul style="list-style-type: none"> • Annexure B27: Checklist for Energy Bills • Annexure B28: Deemed Best Offer Checklist • Annexure B30: Privacy Obligations Checklist • Annexure B31: Invoice Requirements Checklist <p><u>Key employee supervising:</u> Energy Market and Compliance Director</p>
<p>c) <i>manage connection and disconnection processes</i></p>	<p><u>Description:</u> CEP Energy Retail has a number of policies and processes to ensure adherence to, and recognition and the importance of the ESC's connection and disconnection rules.</p> <p><u>Relevant attachments (provided on a commercial in confidence basis):</u></p> <ul style="list-style-type: none"> • Annexure B2: Compliance Policy • Annexure B5a: Customer Hardship Policy - Victoria • Annexure B8: Complaints Policy • Annexure B10: Privacy Policy

	<ul style="list-style-type: none"> • Annexure B13: Obligations Register • Annexure B25: Family Violence Policy • Annexure B30: Privacy Obligations Checklist • Annexure B33: Complaints and Dispute Resolution Obligations Checklist • Annexure B35: Disconnection for Non Payment Checklist <p><u>Key employee supervising:</u> Energy Market and Compliance Director</p>
<p>d) <i>manage dispute resolution</i></p>	<p><u>Description:</u> CEP.Energy is committed to managing dispute resolution in an accessible and transparent way and has developed processes and procedures to give effect to this. Methods for internal and external escalation are clearly outlined, and further detail provided regarding how customers can access relevant Ombudsman schemes.</p> <p><u>Relevant attachments (provided on a commercial in confidence basis):</u></p> <ul style="list-style-type: none"> • Annexure B8: Complaints Policy and Dispute Resolution Procedure • Annexure B33: Complaints and Dispute Resolution Obligations Checklist • Annexure 12b: EWOV application <p><u>Key employee supervising:</u> Energy Market and Compliance Director</p>
<p>e) <i>manage customer complaints</i></p>	<p><u>Description:</u> CEP.Energy is committed to managing customer complaints in a fair and equitable manner and has developed processes and procedures to give effect to this. The Guiding principles for the complaints management program are contained in AS/NZS 10002:2022 (Guidelines for Complaint Management in Organisations). There are clear procedures for raising, accepting, and recording complaints, and CEP.Energy has a stated commitment to:</p> <ul style="list-style-type: none"> • treat the customer with respect. • take the complaint seriously • respect the customer’s privacy • manage the complaint with impartiality • properly investigate and report on the complaint. • resolve complaint with proper consideration to facts. • provide the option of internal escalation or a referral to an energy ombudsman scheme when requested or appropriate; and • ensure equal access to the complaints management program and fair resolutions

	<p><u>Relevant attachments (provided on a commercial in confidence basis):</u></p> <ul style="list-style-type: none"> • Annexure B8: Complaints Policy and Dispute Resolution Procedure • Annexure B33: Complaints and Dispute Resolution Obligations Checklist <p><u>Key employee supervising:</u> Energy Market and Compliance Director</p>
<p>f) <i>comply with regulatory reporting requirements</i></p>	<p><u>Description:</u> CEP.Energy has undertaken an in-depth review and examination of the regulatory reporting requirements, to ensure that reporting requirements are met. A detailed obligations register and “key reporting dates” document (please see specific tabs relating to Victoria) has been drafted by consultant Compliance Quarter, to ensure staff are aware of obligations, and a detailed procedure for performance and compliance reporting has been drafted. Regular compliance meetings will ensure any potentially reportable items are identified and reported in accordance with the ESC Compliance and Performance Reporting Guideline</p> <p><u>Relevant attachments (provided on a commercial in confidence basis):</u></p> <ul style="list-style-type: none"> • Annexure B2: Compliance Policy • Annexure B3a: Compliance Reporting Procedure – Victoria • Annexure B24: Energy Retailer Key Reporting Dates • Annexure B13: Obligations Register <p><u>Key employee supervising:</u> Energy Market and Compliance Director</p>
<p>1.6.2. Business Plan</p>	
<p><i>For each of the above matters, provide details of the relevant systems and processes that the applicant will use. In providing those details include</i></p> <p>g) <i>the proposed business strategy/plan and functions and how they will be resourced¹</i></p>	<p>CEP.Energy's Business Plan (Annexure C1) contains information about sales and marketing strategy, revenue, costs, growth forecasts and estimated funding requirements. The Business Plan also provides details on strategy and analysis, systems, and how the above will be resourced. (Annexures C10 & C11).</p> <p>A financial model has been developed based on the Business Plan. The assumptions made for the forecasts are contained in the Financial Models (Annexures C3 to C7).</p>

¹ We expect to see a robust business plan supported by a financial plan (as detailed in section 3(g) of this application form), including organisational and technical capacity.

1.6.3. Skills and Experience of Key Employees	
<p><i>h) the experience and qualifications of relevant key employees who will manage those systems and processes.</i></p>	<p>CEP Energy Retail's parent includes a diverse and experienced management team that is committed to the success of the retail energy platform:</p> <ul style="list-style-type: none"> • Former Premier of NSW • Former Head of Operations at AEMO • Former Deputy CEO of Endeavour Energy • Former Executive Director of Macquarie Bank • Former Director of Energy Intelligence • Former Retail Manager of NSW 777 & 776 Contracts • Former Head of Embedded Networks at Scentre Group (Westfield) • Large scale infrastructure and funding and delivery • Building & property management • Renewable energy innovation, project design and delivery • Global investment banking funds management and capital markets • Corporate energy purchasing and regulatory engagement. • Policy setting and engagement. <p>Additionally, Energy Intelligence, with over 13 years' experience, is a leading Australian Embedded Network operator and is highly respected in the industry, and these employees have brought their skills and experience to the organisation.</p> <p><u>Key Employees</u></p> <p>The key officers are as listed below. Please see Annexure A4 (Key Providers and individuals) for a summary of their skills and experience, and Annexure A5 (Key Personnel – CV's) for a copy of their CV's.</p> <ol style="list-style-type: none"> 1. Morris lemma (Chair) 2. Henry Pinski (Executive Director) 3. Peter Wright (MD and CEO)

	<ol style="list-style-type: none"> 4. Rod Howard (Senior Advisor) 5. Cameron O'Reilly (Senior Advisor) 6. Mark Stedwell (Senior Advisor) 7. Neil Robinson (Head of Analytics and Finance) 8. Marjorie Maydwell (Compliance and Energy Markets Director) 9. Dan Lowenthal (Chief Development Officer) 10. Mardi Trezise (Delivery Partner Embedded Network Director) 11. Kym Roberts (Operations Manager) 12. Brendan Laidlaw (Project Implementation Manager)
1.6.4. Third Parties	
<p><i>i) if the applicant will engage third parties to assist with the licensed activities, provide the following information in relation to each third party:</i></p> <ol style="list-style-type: none"> <i>(i) name</i> <i>(ii) scope of activities</i> <i>(iii) details and copies of any agreements for the provision of services</i> <i>(iv) details about the experience of the third party in relation to the activities that it will be undertaking, including any accreditations.</i> <i>(v) Details of the processes in place to ensure the third</i> 	<p>CEP.Energy will engage with the following third parties to support its energy retail activities:</p> <ul style="list-style-type: none"> • Compliance Quarter (compliance and regulatory support) • Enerven (Engineering, procurement, and construction) <p><u>Name:</u> Compliance Quarter</p> <p><u>Scope:</u> Compliance and regulatory support</p> <p>Compliance Quarter provides various services including:</p> <ul style="list-style-type: none"> • Regular compliance committee meetings to discuss, identify and resolve compliance matters. • updates on regulatory developments and opportunities. • Resources including guides, checklists, and extensive training on the energy industry, retail obligations and templates. • access to a Compliance Hub to ensure a culture of compliance across the CEP.Energy business. • Managing relationships with energy regulators including ASIC, AER, ACCC, and ESC; and

*party comply with
the licensee's
regulatory
obligations*

- Reminders and assistance with regulatory reporting and other ad hoc projects including providing compliance advice.

Further details regarding the scope, can be found in the signed agreement (**Annexure A6**)

Agreements:

Please see attached the agreement between CEP.Energy and Compliance Quarter (**Annexure A: Compliance Quarter – Agreement**).

Experience:

Compliance Quarter is an industry leading energy compliance consultancy business with clients both in Australia and Internationally. The company has been delivering best-in-class compliance and risk management systems for the energy sector for the past five years and was a 2018 Westpac Business of Tomorrow winner. Please see **Annexure A7** (Compliance Quarter - Capability Statement) for detail about their skills and experience:

Third Party controls:

Please refer to the attached Third-Party Process Policy (**Annexure B12**) explaining the controls implemented by CEP.Energy with respect to the engagement of third parties, to ensure compliance with the regulatory obligations.

Name: Enerven

Scope: Engineering, procurement, and construction

Enerven will provide CEP.Energy Retail with turnkey renewable solar and battery storage assets and data monitoring infrastructure to customers in embedded network premises. Including:

- Design
- Hardware
- Software
- Installation
- Operational management

Further details regarding the scope, can be found in the signed

	<p>agreement (Annexure A8)</p> <p><u>Agreements:</u></p> <p>Please see Annexure A8 (Enerven – Agreement) for the agreement between CEP.Energy and Enerven.</p> <p><u>Experience</u></p> <p>Enerven is a market leader in the delivery of renewable energy projects. Its services include commercial and industrial solar and storage and embedded networks with capabilities to deliver turnkey and integrated solutions for large scale, complex projects across Australia. It has a track record rolling out thirty-three large scale energy projects for SA Water, as well as the South Australian Virtual Power Plant program with Tesla.</p> <p>Enerven is a wholly owned unregulated business of SAPN (South Australia Power Networks), the electricity distribution network service provider for South Australia. Please see Annexure A9 (Enerven - Capability Statement) for details about their skills and experience.</p> <p><u>Third Party controls:</u></p> <p>Please refer to the attached Third-Party Process Policy (Annexure B12) explaining the controls implemented by CEP.Energy with respect to the engagement of third parties, to ensure compliance with the regulatory obligations.</p>
<p>1.6.5. Service Delivery and Meeting Obligations</p>	
<p><i>j) Provide details about how the applicant will balance service delivery with projected customer growth, and practical steps it will take to meet relevant regulatory obligations.</i></p>	<p>CEP.Energy’s Business Plan (Annexure C1) contains information about sales and marketing strategy, revenue, costs, growth forecasts and estimated funding requirements. The Business Plan also provides details on strategy and analysis, systems, and how the above will be resourced. (Annexures C10 & C11).</p> <p>A financial model has been developed based on the Business Plan. The assumptions made for the forecasts are contained in the Financial Models (Annexures C3 to C7).</p>

1.7. Risk management

Required information	Response from CEP.Energy
<p>a) <i>Provide confirmation and evidence that the applicant has identified the risks associated with energy retail operations – this includes identifying the risks that are inherent in the applicant’s proposed business and determining the likelihood of occurrence and impact to produce a ‘risk map’.</i></p>	<p>CEP.Energy has conducted detailed analysis of the risks involved with energy retail operations.</p> <p>Please find attached to this application a copy of CEP.Energy's Risk Management Policy (Annexure B6) covering both operational and financial risks. It is supported by the Risk Register / Matrix (Annexure B7) identifies and maps out various risks, controls, monitoring plan, to produce a ‘risk map’.</p> <p>The Business Plan (Annexure C1) also contains further information about the consideration of risks in the energy retail space.</p>
<p>b) <i>Provide evidence that the applicant has established, utilised, and relied upon risk management systems and processes which are adequate, accurate and current to address those risks.</i></p>	<p>The risk and compliance documentation (including risk management systems and processes) were recently subject to an external assurance process, to ensure the processes are adequate, accurate and current to address those risks. Please find attached to this application a copy of the letter of assurance provided by a suitably qualified and independent entity (Annexure B1)</p>
<p>c) <i>Provide a copy of the applicant’s risk management strategy/framework. A statement should also be provided (or supporting document must make it clear) whether the strategy/framework has been developed in line with any Australian or International Standard (for example, ISO 31000:2018</i></p>	<p>Please find attached to this application a copy of CEP.Energy's Risk Management Policy (Annexure B6) covering both operational and financial risks. It is supported by the Risk Register / Matrix (Annexure B7).</p> <p>CEP.Energy has adopted ISO Standard 31000:2018 (Risk Management - Guidelines) as its base guidance document for addressing risks (see clause 1.5 of Risk Management Policy).</p>
<p>d) <i>Provide a copy of a risk register that identifies risks, controls, and mitigations.</i></p>	<p>Please see the Risk Register / Matrix (Annexure B7)</p>
<p>e) <i>Provide a copy of a detailed</i></p>	<p><u>Risk Appetite Statement:</u></p>

<p><i>risk appetite statement articulating how much risk is acceptable to the applicant across key risk areas.</i></p>	<p>CEP.Energy has a cautious attitude towards risk having no tolerance for risk to consumers, including disconnection and hardship, and non-compliance.</p> <p>The industry is highly regulated and with guidelines protecting consumers. CEP Energy Retail's Risk Management Policy and Risk Register are designed to incorporate the rules and regulations, are aligned to include amendments, and confirm the company's engagement in the management of risk. Further CEP.Energy's engagement of Compliance Quarter an industry leading energy compliance consultancy business with clients both in Australia and Internationally and delivering best-in-class compliance and risk management systems for the energy sector for the past five years and was a 2018 Westpac Business of Tomorrow winner is a testimony of CEP.Energy's conservative approach to risk.</p> <p>There are a range of specific risks that have the potential to have an adverse impact on CEP.Energy's business. These specific risks being:</p> <ul style="list-style-type: none"> • Transactional • Operational, • Legal and Compliance <p>CEP Energy understands that as an electricity retailer participating in the NEM (as intended in the future), CEP.Energy will be exposed to a variety of market related risks. These risks arise from the volatility in the pool price for electricity. The development of a Transactional Risk Policy will have as its core objective to reduce – ideally, to avoid – exposure to volatility in the pool price.</p> <p>Please find attached to this application a copy of CEP.Energy's Risk Management Policy (Annexure B6) covering both operational and financial risks. It is supported by the Risk Register / Matrix (Annexure B7).</p>
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1.8. Wholesale price risk management

Market Status

Electricity wholesale pricing remains high compared to historical averages. This has been driven by the war in Ukraine, resulting in reduced energy exports from Russia and a need for energy security from other sources. This has caused an increase in prices for LNG and thermal coal, while wet weather in Australia has further impacted the supply of export-grade black coal.¹

As renewable energy sources become more prevalent, the cost of electricity production is expected to decrease. The AER notes *the NEM (National Electricity Market) continues to transition from a system dominated by large thermal generators to one that incorporates an increasing volume of widely dispersed intermittent renewable generators.*² These factors will result in a decrease in wholesale prices and in greater energy independence.

The Australian federal, state and territory governments have agreed to put a cap on the wholesale price of coal and gas for the next 12 months, with coal not to exceed \$125 a tonne and gas not to exceed \$12 a gigajoule. This intervention in the market is intended to reduce wholesale prices and could have a significant impact.

Approach to managing wholesale market risk

CEP.Energy will mitigate the risk of wholesale price fluctuations through fixed retail contracts and by implementing a comprehensive risk management framework. This framework will incorporate a range of strategies and tools such as diversification, and portfolio optimisation. We will also use market intelligence to identify and monitor market trends and develop strategies to take advantage of opportunities. Finally, our risk management framework will be regularly reviewed and updated to reflect changing market conditions.

CEP Energy Retail will be continuing to purchase the supply of energy through negotiated retail energy supply contracts and thereby mitigating risk to wholesale pricing

This organisation has a well-structured and defined risk management system that is in accordance with ISO 31000. This system is designed to detect, evaluate, and manage any potential risks and opportunities that may arise. It is based on a comprehensive risk management process that includes risk identification, risk assessment, risk control, risk monitoring and review, and risk communication. The system also provides a range of tools and techniques to help the business identify, assess, and manage risks. These tools and techniques include risk assessment, risk control, risk monitoring, and risk communication. Additionally, the system provides guidance on how to create and execute risk management plans and strategies. This system is designed to ensure that the business can identify, assess, and manage risks in a timely and effective manner.

The Risk Management Policy (**Annexure B6**) and the Business Plan (**Annexure C1**) both provide comprehensive information on the risk assessments that have been conducted. This includes the recognition of potential risks, the evaluation of the probability of these risks occurring, and the formation of strategies to reduce any potential risks.

Required information	Response from CEP.Energy
<i>Using the forecast customer acquisition numbers and expected customer load for the following five years presented in the baseline</i>	The Risk Management Policy and the Business Plan both provide comprehensive information on the risk assessments that have been conducted. This includes the recognition of potential risks, the evaluation of the probability of these risks occurring, and the formation of strategies to reduce any potential risks.

<p><i>business plan, describe how the applicant plans to manage wholesale price risk.</i></p>	<p>CEP.Energy has a conservative approach to risk, engaging Compliance Quarter to ensure full compliance with all applicable Codes, Guidelines or instruments issued by the Relevant Regulatory Bodies which include the AEMC, AEMO, AER & ESC.</p> <p>CEP.Energy does not initially intend to register as a market customer to sell electricity via the gate meter thus there is no direct exposure to the wholesale market. This will be the next phase of operations - over the next 4-5 years CEP.Energy intends to build up wholesale trading capabilities.</p> <p>Initially, to mitigate the possible impact of wholesale market fluctuations, CEP has entered into long-term contracts with respected retailers (see Annexure A13 for an example of one of these contracts). These gate meter contracts ensure CEP.Energy is protected from significant price increases by the retailer, and in the wholesale market.</p> <p>Furthermore, CEP.Energy has a rigorous selection process to ensure the retailer contracts entered into, are with retailers of standing, with least likely chance of failing due to market conditions. The selection process includes:</p> <ul style="list-style-type: none"> • Thorough due diligence on the expertise, resources, and creditworthiness of the other party(ies). • Full compliance with all applicable Codes, Guidelines and other instruments issued by the AEMC, AEMO, AER and ESC. • Diversification of retail supply <p>CEP Energy Retail will be continuing to purchase the supply of energy through negotiated retail energy supply contracts and thereby mitigating risk to wholesale pricing.</p>
<p><i>a) For electricity, does the applicant have a plan to hedge part or all of the load? Describe the applicant's intended strategy in detail.²</i></p>	<p>At this stage CEP.Energy does not intend to hedge any part of the load (as explained above).</p> <p>CEP.Energy's comprehensive risk management framework will incorporate a range of strategies and tools for hedging (in future), diversification, and portfolio optimization to mitigate risk of wholesale fluctuations while not limiting trading to either ASX or over the counter OCT products.</p>

² For electricity, specify the hedging methods the applicant intends to use (for example, does Australian Securities Exchange (ASX) Energy Futures, purchase over the counter (OTC) products, power purchase agreements, or generation ownership)? For gas, specify the hedging methods such as physical supply or storage contracts.

CEP Energy understands that as an electricity retailer participating in the NEM (as intended in the future), CEP.Energy will be exposed to a variety of market related risks. These risks arise from the volatility in the pool price for electricity. The development of a Transactional Risk Policy will have as its core objective to reduce – ideally, to avoid – exposure to volatility in the pool price.

For CEP.Energy, this will be achieved by entering into hedge agreements based on the 2002 ISDA Master Agreement, the Schedule to the 2002 ISDA, and the Australian Addendum No 13. Reallocation Agreements will also be used to hedge the pool price, in accordance with the National Electricity Amendment (Reallocations) Rule 2007 No 1. Reallocations may or may not be based on ISDA Agreements.

These hedge agreements, although purely financial instruments, are loosely called “wholesale” arrangements. Transactional risk management at CEP.Energy will be directed at avoiding pool price volatility and secondly, at establishing a diversity of wholesale counterparties. CEP.Energy will have exposure to pricing fluctuations in its supply agreements and will manage this risk in accordance with this policy.

Further, CEP.Energy will require all employees who trade on the ASX Energy Market, to hold all necessary qualifications and licences including but not limited to a current Australian Financial Services Licence and to comply with the ASX Energy Market Policy

In addition, CEP.Energy will require all employees who trade on the ASX Energy Market to comply with all guidelines or notifications from the Australian Energy Market Commission, the Australian Energy Market Operator, and the Australian Energy Regulator.


Finally, the risk management framework will be regularly reviewed and updated to take advantage of opportunities in changing market conditions.

Initially however, as well as diversification, with a growing portfolio CEP strategy is to purchase forward purchasing of energy through the retail market in batches up to 36 months – always purchasing at the bottom of the curve with negotiated margin and cap options.

	<p>In regards energy purchases from the grid, CEP.Energy's current strategic procurement of energy is based on the retail market competitive analysis reviews knowing that the key drivers that most influence energy rates offered when procuring energy contracts, is when we go to market, what period we contract for and political policy.</p> <p>CEP.Energy monitors the market constantly in each state and looks for opportunities to go to market to ensure contracting at lowest possible rates and not be at the mercy of the market at the end of any given contracted term. We also have a systematic approach, issuing tenders for supply of energy looking at all variable costs (energy rates, environmentals, service fees, market, and other costs), across multiple periods.</p> <p>Whilst we cannot predict future changes in the market, by keeping up to date with government policies, supply and demand curves and pricing volatility, we are able to ensure purchases at the bottom of the curve with partnered but non-exclusive market retailers and ultimately providing highly competitive pricing for our customers.</p>
<p><i>b) What proportion of the applicant's customer load is anticipated to be purchased from the electricity spot markets?³ If the applicant is intending to purchase from the spot market, it must specify the forecast spot prices being used, the basis on which spot prices are forecast and scenario analysis showing the impact of high, mid, and low spot prices.</i></p>	<p>At this stage CEP.Energy does not intend to purchase from the spot market (as explained above).</p> <p>In future when CEP.Energy goes down this path, CEP.Energy's comprehensive risk management framework will incorporate a range of strategies and tools for diversification and portfolio optimization to mitigate the risk of wholesale fluctuations through spot market trading. Using market intelligence to identify and monitor market trends and develop strategies CEP Energy will take advantage of opportunities and apportioning customer load.</p>
<p><i>c) Has the applicant made any preliminary arrangements or sought to obtain quotes to</i></p>	<p>At this stage CEP.Energy does not intend to purchase hedging products (as explained above).</p>

³ The applicant must ensure the wholesale price risk incurred through spot market trading is addressed in the risk management framework.

<p><i>purchase hedging products? Provide details and evidence.</i></p>	<p>In regards energy purchases from the grid, CEP.Energy's strategic procurement of energy is based on market competitive analysis reviews knowing that the key drivers that most influence energy rates offered when procuring energy contracts, is when we go to market, what period we contract for and political policy.</p> <p>CEP.Energy monitors the market constantly in each state and looks for opportunities to go to market to ensure contracting at lowest possible rates and not be at the mercy of the market at the end of contracted term. We also have a systematic approach, issuing tenders for supply of energy looking at all variable costs (energy rates, environmental, service fees, market, and other costs), across multiple periods.</p> <p>Whilst we cannot predict future changes in the market, by keeping up to date with government policies, supply and demand curves and pricing volatility, we are able to ensure purchases at the bottom of the curve with partnered but non-exclusive market retailers and ultimately providing highly competitive pricing for our customers.</p>
<p><i>d) Describe how far in advance the applicant intends to hedge its wholesale risk, including information about hedging six months, 12 months, 18 months, and 24 months ahead of anticipated need to supply customers. Also outline what amount of forecast load it plans to hedge and what level of residual wholesale risk the applicant will take.</i></p>	<p>At this stage CEP.Energy does not intend to have direct exposure to the wholesale market (as explained above).</p> <p>CEP.Energy Retail will mitigate against wholesale risk by purchasing supply through negotiated, fixed retail contracts based on market rates with preferred (but not limited to) suppliers. [REDACTED] See Annexure A13 for an example contract for supply. CEP. Energy intends to build over the next 4-5 years to include wholesale trading capability.</p> <p>CEP.Energy's Business Plan (Annexure C1) contains information about growth forecasts and details on strategy and analysis, systems, and how the above will be resourced. (Annexures C10 & C11).</p> <p>A financial model has been developed based on the Business Plan. The assumptions made for the forecasts are contained in the Financial Models (Annexures C3 to C7).</p>
<p><i>e) Describe how residual wholesale price risks will be mitigated.</i></p>	<p>The Risk Management Policy (Annexure B6) and the Business Plan (Annexure C1) provide comprehensive information on the risk assessments conducted. This includes the recognition of potential risks, the evaluation of the probability of these risks occurring, and the formation of strategies to reduce any potential risks.</p>

	<p>CEP Energy Retail will continue to purchase energy through negotiated retail energy supply contracts, mitigating risk to wholesale pricing.</p> <p>CEP Energy Retail's model is founded on long-term, 45-year leaseholds on large and iconic commercial and industrial sites allowing the installation, ownership, and management of renewable rooftop solar generation with storage assets. Long-term supply contracts with third party retailers and the generation and storage assets reflect the leasehold tenure as well as mitigating against wholesale price risks.</p> <p>The CEP Energy Retail Risk Management Policy (Annexure B6), Risk Register / Matrix (Annexure B7), and Business Plan (Annexure C1) include detailed information identifying risks and the strategies and measures used to mitigate risk. This includes the recognised risk assessment method (refer below) from Chartered Secretaries of Australia, ensuring ongoing review, to identify and manage the evolution of the energy industry.</p> <p style="text-align: center;">Figure 1: Risk assessment method</p> 
<p>f) Which personnel in the applicant's business will be responsible for managing wholesale price risk? Outline their relevant experience in managing wholesale risks (including managing wholesale electricity and gas contracts and hedge products, where applicable).</p>	<p>Ultimate responsibility for purchasing contracts is held by the CEO and Managing Director, Peter Wright, with 35-year history in investment management and infrastructure industries, with expertise in private equity, funds management, infrastructure development, and regulated financial services. He has held various executive roles, including Chair at Valore Investment Partners, Founder & CEO at CEP.Energy, Executive Chair at NBFH Holdings Pty Ltd, and Founder & Executive Chair at Global Funds Management Ltd. He has also worked as an Executive Director at Macquarie Bank Ltd, where he created several infrastructure funds and partnerships.</p>

	<p>Peter is advised by the senior advisory and executive team directors who collectively have over 100 years of experience in the Australian energy market. Initially, CEP Energy will be entering into fixed retail contracts based on market rates with preferred, (but not limited to) suppliers, [REDACTED] and intends to build over the next 4-5 years to include wholesale trading capability.</p> <p>Please see Annexure A5 (Key Personnel – CV's) for a copy of Peter Wright's CV.</p>
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1.9. Dispute resolution

Required information	Response from CEP.Energy
<p><i>Applicants will need to provide documentation to demonstrate they are a member of the Energy and Water Ombudsman (Victoria) (EWOV) or have approached EWOV about joining the scheme.</i></p>	<p>CEP.Energy has approached the Energy and Water Ombudsman (Victoria) (EWOV) about joining the scheme. Please see Annexure A12b for a copy of communication with EWOV.</p>

1.10. Registration with the Australian Energy Market Operator

Required information	Response from CEP.Energy
<p><i>Advise if the applicant has or intend to register with the Australian Energy Market Operator (AEMO). If so, provide evidence of registration or exemption, or intending registration or exemption (for example, correspondence between the applicant and AEMO). If the applicant is not registering with AEMO, describe why that is the case.</i></p>	<p>CEP.Energy initially does not intend to register with AEMO, as they are purchasing from an on-market retailer. However, this is intended as a next phase for the business, to be implemented in the next 2-4 years</p> <p><u>Energy Intelligence</u> Related entity and wholly owned subsidiary of CEP, Energy Intelligence's Market Role includes full Accreditation as an embedded network manager (ENM) with AEMO and includes an excellent status for monthly AEMO ENM Compliance Report performance since 2018.</p> <p>Energy Intelligence works closely and co-operatively with the ESC and AER, with several staff members on the EWOV EN Working Group and AEMC (Australian Energy Market Commission)</p>

	stakeholder Group and, in the role as an Accredited ENM with AEMO, Energy Intelligence constantly updates and reviews processes as changes in regulation unfold
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1.11. Licences held in other jurisdictions

Required information	Response from CEP.Energy
<i>If the applicant holds, or has previously held, electricity and/or gas licences or authorisations in other jurisdictions provide details. If a licence or authorisation previously held has been suspended or cancelled, provide details</i>	<p>CEP.Energy has a pending application lodged with the Australian Energy Regulator (AER).</p> <p>Parent entity CEP holds AER Retail & Network Individual Exemptions and operate the following properties:</p> <ul style="list-style-type: none"> • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED]

1.12. Previous unsuccessful licence applications in other jurisdictions

Required information	Response from CEP.Energy
<i>Confirm whether the applicant has applied for an electricity or gas licence or authorisation in another jurisdiction and not been issued with a licence or authorisation, provide details.</i>	There have been no instances of the CEP.Energy applying for a licence in another Australian jurisdiction where such an application was unsuccessful.

1.13. Licences held by associates of the applicant

Required information	Response from CEP.Energy
<i>If an associate (within the meaning</i>	No associate of CEP.Energy within the meaning of the <i>Corporations</i>

<p><i>of the Corporations Act 2001 (Cth)) holds an electricity or gas licence in Victoria or in another Australian jurisdiction, provide details.</i></p>	<p><i>Act 2001 (Cth)) holds an electricity or gas licence in Victoria or in another Australian jurisdiction</i></p>
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1.14. Compliance management

Required information	Response from CEP.Energy
<p>a) <i>Provide evidence of compliance management which demonstrates how the compliance systems the applicant has (or will have) in place will ensure compliance with all the relevant regulatory obligations required by the retail licence.</i></p>	<p>CEP.Energy is committed to an effective compliance program implemented in accordance with AS/ISO 19600:2015. CEP.Energy's Compliance Policy (Annexure B2) demonstrates the extent to which the standard has guided CEP.Energy.</p> <p>CEP.Energy understands and will implement a range of measures to ensure compliance with regulatory obligations. The applicant's regulatory obligations include those under Energy Law (including the National Energy Retail Law, National Energy Retail Regulations, and various Victorian instruments), the <i>Telecommunications Act 1997</i>, the <i>Do Not Call Register Act 2006</i> and the Australian Consumer Law (as set out in Schedule 2 to the <i>Competition and Consumer Act 2010</i>).</p> <p>The board of CEP.Energy has overall responsibility for setting and overseeing the corporate governance and compliance standards that are implemented by the Compliance Committee consisting of a member of the board, our Compliance Lead and business managers.</p> <p>Ways that CEP.Energy will ensure compliance include:</p> <ul style="list-style-type: none"> • <u>The Compliance Committee</u>: Responsible for developing and implementing the compliance program via the development of policies, procedures, and training programs. • <u>Compliance Personnel</u>: Responsible for the day-to-day oversight of the compliance program of CEP.Energy. • <u>External Advice</u>: CEP.Energy, as part of its compliance program, obtains advice on compliance and legal issues from a number of qualified external providers.

	<ul style="list-style-type: none"> • <u>Information Technology</u>: CEP.Energy implements a range of technological solutions that aid in the CEP.Energy's compliance and implementation of the compliance program. These include the Compliance HUB, a cloud-based system that tracks regulatory obligations and assigns various controls against obligations. • <u>Documentation</u>: CEP.Energy has developed procedures and policies related to operational processes to ensure regulatory compliance. These documents are provided to employees to ensure implementation of practices in compliance. • <u>Compliance Risk Assessments</u>: CEP.Energy actively seeks to identify and reduce the likelihood of breaches of regulatory obligations. A Compliance Risk Assessment will be conducted looking at applicable regulatory obligations, the consequences and likelihood of a breach and appropriate controls. • <u>Training and Assessment</u>: The aim of compliance training and assessment is to reinforce in all staff the understanding that regulatory compliance is core to the applicant's operations. External training providers will be utilised where appropriate. Compliance Quarter will provide ongoing compliance training including using the Compliance HUB, in a face-to-face setting and via webinar. • <u>Qualified Staff</u>: Appropriately qualified staff will be employed. • <u>Monitoring and Reporting</u>: Any compliance breaches will be monitored, resolved, and reported in accordance with the Plan and the applicant's reporting obligations.
<p>b) <i>Provide a copy of the applicant's compliance management strategy. A statement should also be provided (or supporting document must make it clear) whether the strategy has been developed in line with any Australian or International Standard (for example, AS ISO 19600:2015).</i></p>	<p>CEP.Energy is committed to an effective compliance program implemented in accordance with AS/ISO 19600:2015. CEP.Energy's Compliance Policy (Annexure B2) demonstrates the extent to which the standard has guided CEP.Energy.</p> <p>Details of the compliance management strategy are contained in the statement above; and the following attachments (provided on a commercial in confidence basis) demonstrate CEP.Energy's compliance strategy:</p> <ul style="list-style-type: none"> • Annexure B2: Compliance Policy. • Annexure B3a: Compliance Reporting Procedure - Victoria. • Annexure B4: Code of Ethics. • Annexure B5: Customer Hardship Policy - Victoria.

	<ul style="list-style-type: none"> • Annexure B6: Risk Management Policy. • Annexure B7: Risk Register / Matrix • Annexure B8: Complaints Policy. • Annexure B9: Human Resources Policy • Annexure B10: Privacy Policy. • Annexure B11: Audit Policy • Annexure B13: Obligations Register • Annexure B25: Family Violence Policy
<p>c) <i>Provide a comprehensive and detailed compliance register which outlines the applicant's:</i></p> <ul style="list-style-type: none"> i. <i>regulatory obligations.</i> ii. <i>source of each obligation.</i> iii. <i>key actions for ensuring compliance with each obligation; and</i> iv. <i>the personnel responsible for monitoring compliance.</i> 	<p>Please find attached to this application an Obligations Register (Annexure B13) that has been developed by our external consultants Compliance Quarter, to be used by CEP.Energy in understanding and complying with the obligations imposed on authorised retailers. This contains the individual obligations, including specific to Victoria, and the source of each obligation.</p> <p>The Risk Register/ Matrix (Annexure B7) covers the key actions for overall risks and the personnel responsible.</p>

1.15. Material agreements

Required information	Response from CEP.Energy
<i>Provide copies of agreements entered into, or intended to be entered into, by the applicant that are material to the undertaking of the energy retail activity.</i>	Please see below for material agreements entered into to assist in undertaking energy retail activity.
a) <i>customer service and dispute resolution activities</i>	No agreements entered into – CEP.Energy will undertake this retail activity internally.
b) <i>billing services</i>	No agreements entered into – CEP.Energy will undertake this retail activity internally.
c) <i>metering data services</i>	No agreements entered into – CEP.Energy Retail will undertake this retail activity through the Enerven/CEP Energy partnership.

d) <i>compliance functions</i>	Please see attached for a copy of the agreement between CEP.Energy and Compliance Quarter (Annexure A6)
e) <i>wholesale market management</i>	No agreements entered into – CEP.Energy will undertake this retail activity internally.
f) <i>risk management services</i>	No agreements entered into – CEP.Energy will undertake this retail activity internally.
g) <i>inter-company services.</i>	Please see: <ul style="list-style-type: none"> • Annexure C10: Cross Company Deed of Guarantee • Annexure C11: Shared Services Agreement

1.16. Policies

Required information	Response from CEP.Energy
<p><i>Applicants proposing to retail energy to residential customers must provide a copy of:</i></p> <ul style="list-style-type: none"> a) <i>Victorian financial hardship policy</i> b) <i>family violence policy</i> c) <i>life support policy.</i> 	<p>CEP.Energy does not intend to retail to residential customers. However, in the (very unlikely) event that a decision is made in the future to move in this direction, CEP.Energy has prepared some template policies that may be used. Please see the following:</p> <ul style="list-style-type: none"> • Annexure B5a: Victorian Customer Hardship Policy • Annexure B25: Family Violence Policy • Annexure B26: Victorian Life Support Policy

1.17. Engagement with Energy Safe Victoria (gas retail applications only)

Required information	Response from CEP.Energy
<p><i>For gas retail applications, provide details about the applicant's engagement with Energy Safe Victoria with respect to a gas safety case and any copies of correspondence.</i></p>	<p>Not applicable – CEP.Energy does not intend to retail gas.</p>

1.18. Additional information

Required information	Response from CEP.Energy
<i>Provide any additional information the applicant considers relevant to the commission's assessment of the applicant's technical capacity.</i>	Nothing further to add

3. Financial viability

1.19. Financial resources

Required information	Response from CEP.Energy
<i>The applicant must provide a statement, which 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).</i>	<p>CEP.Energy confirms that:</p> <ul style="list-style-type: none"> a) CEP Energy Retail is financially viable and has the financial resources to commence and sustainably operate the retail business; and b) CEP Energy Retail intends to on-sell retail supply contracts and will only apply to be a registered market participant with the Australian Energy Market Operator for its retail business and subject to prudential requirements when it is able to meet all requirements under the Energy Retail Code of Procedures and National Energy Retail Law.

1.20. Supporting documentation

The applicant must provide documentation listed below to demonstrate the applicant has access to sufficient financial resources to sustainably operate a viable retail business in the electricity and/or gas industry. This includes operating cost considerations, demonstrating the applicant can meet significantly increased costs – detailed, itemised costs must be provided.

The applicant must provide evidence that it has sufficient financial resources to meet higher costs, including adequate liquid financial reserves to meet higher unforeseen costs, such as higher wholesale costs and increased AEMO prudential requirements.

The applicant must demonstrate a clear understanding of the wide-ranging effects of the identified risks and potential changes on its business and set out appropriate risk mitigation measures.

Risk mitigation measures may include evidence of available cash reserves, including bank balances, loan guarantees and the like to ensure the business is able to continue as an active participant by servicing all existing customers and continuing to grow its customer base.

Applicants should also consider whether other risk mitigation measures may be necessary to manage risks to the business, such as changes to the organisational and technical capacity of the business.

Provide the attachment reference for each document listed below and mark commercial-in- confidence where applicable:

Required information	Response from CEP.Energy
a) <i>audited financial statements for the previous</i>	Please note that the applicant entity (CEP Energy

<p><i>financial year or the past 12 months</i></p>	<p>Retail Pty Ltd) is a new entity registered on 21 March 2022, that has not been trading since its inception.</p> <p>However, financial reports for the parent entity (CEP Energy Pty Ltd) have been provided.</p> <p>Please see Annexure C8 - Financial Reports FY2022 (commercial-in- confidence).</p>
<p><i>b) annual report</i></p>	<p>Not applicable</p>
<p><i>c) guarantees in place</i></p>	<p>The applicant entity (CEP Energy Retail Pty Ltd) has entered into a cross-company Deed of Guarantee with the parent entity (CEP Energy Pty Ltd).</p> <p>Please see Annexure C10 (Cross Company Deed of Guarantee) (commercial-in- confidence).</p>
<p><i>d) shareholder register</i></p>	<p>Please refer to the ASIC extract (Annexure A1) for information about shareholders.</p>
<p><i>e) statements from banks/financiers, shareholders, the board, or parent company</i></p>	<p>As the applicant (CEP Energy Retail Pty Ltd) is a recently registered entity that has not been trading since its inception, a recent bank statement from the parent entity (CEP Energy Pty Ltd) is attached.</p> <p>Please see Annexure C9 (Bank statement of parent entity) (commercial-in- confidence).</p>
<p><i>f) Provide a statutory declaration by an officer of the company, disclosing:</i></p> <p>(i) <i>any material change in the financial position of the applicant that has occurred since the end of last financial year for which audited accounts are provided; and</i></p> <p>(ii) <i>any likely changes in the structure, operation or financing of the applicant or the licensed activity that could materially affect the applicant's financial viability.</i></p>	<p>Please see Annexure C12 (Statutory Declaration re finances) (commercial-in-confidence) for a copy of this statutory declaration.</p> <p>Please note that audited financial accounts do not exist for CEP.Energy as it is a new entity registered in 2022 that has not been trading since inception</p> <p>To address this but give effect to the statement's intention, the statutory declaration's wording has been amended slightly to remove reference to the audited financial accounts.</p>

g) 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):

- i. current valuations of the assets that will be used in undertaking the licensed activity*
- ii. all sources of revenues from the licensed activity*
- iii. all costs involved in undertaking the licensed activity, including:*
 - A. the cost of meeting any prudential requirements*
 - B. the cost of capital/debt*
 - C. the cost to acquire customers*
 - D. the cost to serve customers*
 - E. the cost of meeting all relevant regulatory obligations, including environmental and green energy schemes (for example, Victorian Energy Upgrades).*
 - F. the cost of procuring assets*
 - G. wholesale costs.*

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 stress testing and sensitivity analysis for such variables.

Please see **Annexure C1** (Business Plan) and **Annexures C3 to C7 Financial Models**

(provided on a commercial-in-confidence basis).

CEP.Energy confirms that these items are covered in the Business Plan and Financial Models.

<p>Baseline business plan – financial model⁴</p> <p><i>h) Present financial information: profit and loss, cash flow and balance sheet statements, including five years of forecast data, shown in monthly increments. The information must correspond to the applicant’s business plan, and organisational and technical capacity.</i></p>	<p>Please see the Baseline financial model attached at Annexure C3 (Financial Model - Baseline) (commercial-in- confidence).</p>
<p><i>i) In presenting this information the applicant must also clearly set out the assumptions underlying the data, including customer acquisition numbers (shown in monthly increments), associated customer load under POE50 demand conditions, and assumptions about the cost of debt.⁵ Customer load should be shown as forecast demand for each month, in Megawatt hours (MWh) for electricity and Gigajoules (GJ) for gas.</i></p>	<p>CEP.Energy confirms this information is contained in the business plan and financial models</p>
<p>Stress test scenarios – financial model</p> <p><i>j) Present the same financial information provided in the baseline business plan (profit and loss, cash flow and balance sheet statements) for five years, presented in monthly increments, for each of the scenarios listed below.</i></p>	
<p><i>i. The customer acquisition path is 50% lower than</i></p>	<p>Please see this stress test scenario (‘Scenario 1’) in the financial model attached at Annexure C4 (Financial Model – Scenario 1) (commercial-in-</p>

⁴ **Notes regarding financial inputs**

- **Electricity:** The AAVWP for each region is published following the close of the calendar year and financial year in the Australian Energy Regulator (AER)’s Wholesale markets quarterly report. Note: If an applicant has applied or intends to apply for a retailer authorisation with the AER, or holds a retailer authorisation with the AER, then it should use the most expensive region. If the applicant intends to solely retail electricity in Victoria, then the Victorian region should be used.
- **Gas:** The financial year average gas price for the DWGM and STTM are published on the AER website in the wholesale statistics subsection of the wholesale markets section.⁴ If an applicant has applied or intends to apply for a retailer authorisation with the AER, or holds a retailer authorisation with the AER, then it should use the most expensive region (STTM or DWGM). If the applicant intends to solely retail gas in Victoria, then the DWGM should be used.
- **Futures:** The Average ASX-traded Base Future Contract Price (ASXFC) are published on the ASX Energy website.

⁵ POE50 demand conditions refers to ‘mid-range’ demand outcomes, that is, a demand outcome with a 50 percent probability of exceedance

<p>that specified in the baseline business plan. Hold all else equal.</p>	<p>confidence).</p>
<p>ii. The customer acquisition path is 200% higher than that specified in the baseline business plan. Hold all else equal.</p>	<p>Please see this stress test scenario ('Scenario 2') in the financial model attached at Annexure C5 (Financial Model – Scenario 2) (commercial-in-confidence).</p>
<p>iii. Present financial information for the scenario where:</p> <p>A. the customer acquisition path is 200% higher than that specified in the baseline scenario; and</p> <p>B. for electricity, the wholesale electricity cost equals the Annual Average Volume Weighted Price (AAVWP) for the preceding 12 months for the most expensive region</p> <p>C. for gas, the wholesale gas cost equals the highest financial year average cost in the preceding five years in the Declared Wholesale Gas Market (DWGM) or Short-Term Trading Markets (STTM).</p>	<p>Please see this stress test scenario ('Scenario 3') in the financial model attached at Annexure C6 (Financial Model – Scenario 3) (commercial-in-confidence).</p>
<p>k) Present financial information for the scenario where</p> <p>i. the customer acquisition path is 200% higher than that specified in the baseline business plan; and</p> <p>ii. for electricity, the average wholesale electricity cost equals the ASX-traded Base</p>	<p>Please see this stress test scenario ('Scenario 4') in the financial model attached at Annexure C7 (Financial Model – Scenario 4) (commercial-in-confidence).</p>

Future Contract Price for contracts that are available over the next 12-month period (from the time the licence application is submitted to the commission).

Fit and proper person

Required information	Response from CEP.Energy
<p>a) <i>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></p> <ul style="list-style-type: none"> <i>(i) been declared bankrupt,</i> <i>(ii) had their affairs placed under administration,</i> <i>(iii) been disqualified from managing a company,</i> <i>(iv) been subject to debt judgements, or</i> <i>(v) insolvency proceedings (including any administration, liquidation, or receivership in connection with the affairs of a company)?</i> 	<p>No – not applicable</p>
<p>b) <i>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 not limited to, the Competition and Consumer Act 2010 (Cth), Corporations Act 2001 (Cth), or the Australian Securities and Investments Commission Act 2001 (Cth))?</i></p>	<p>No - not applicable</p>
<p>c) <i>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?</i></p>	<p>No – not applicable</p>

d) <i>Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility been under investigation in relation to its regulatory obligations or is currently bound by an enforceable undertaking?</i>	No – not applicable
e) <i>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 or authorisation (in any jurisdiction)?</i>	No – not applicable
f) <i>Provide any other information the applicant considers is relevant to the commission's fit and proper person assessment.</i>	Nothing further to add.
Additional information g) <i>Is the applicant a resident of, or does it have permanent establishment in, Australia? If the answer is no, provide further details.</i>	Yes, CEP.Energy has permanent establishment in Australia.
h) <i>If any of the following apply, please provide details:</i> i. <i>the applicant is external administration (as defined in the Corporations Act 2001 (Cth)) or under a similar form of administration under any laws applicable to it in any jurisdiction; or</i> ii. <i>the applicant is not capable of being sued in its own name in a court of Australia.</i>	Not applicable – these do not apply

5. Commission objectives

The granting of a retail licence to CEP.Energy is consistent with the ESC's overarching objective of promoting the long-term interests of Victorian consumers, with respect to the price, reliability, and quality of energy. To address the key matters to consider specified in the *Essential Services Commission Act 2001* (s8A), please see below:

(a) Efficiency in the industry and incentives for long term investment

CEP.Energy is dedicated to being an active efficient player in the energy industry and has committed to long term investment in several ways. These include:

1. Establishing long-term (15-45 year) rooftop and ground leases to provide stability and incentives for investment in renewable energy infrastructure.
2. Partnerships with major property owners ([REDACTED]) to provide long-term offtake and investment in renewable energy systems.
3. Future thinking investment in renewable energy generation (solar PV) and storage (batteries) to provide efficient and sustainable energy solutions for commercial and industrial customers.

(b) The financial viability of the industry

CEP.Energy has demonstrated financial viability through sound financial management practices and a sustainable business model, and a comprehensive financial model. They have consistently met their financial obligations and maintained a stable financial position, which is crucial for the long-term stability of the industry. The company has implemented effective risk management strategies to ensure financial resilience, the ability to weather price fluctuations in the energy market and withstand other economic challenges.

(c) The degree of, and scope for, competition within the industry, including countervailing market power and information asymmetries

CEP.Energy notes the scope for competition due to the current low levels of renewable energy generation and availability in Australia, the growing demand for renewable energy, and the unique value proposition of the business in providing tailored renewable energy solutions for commercial and industrial property owners.

CEP.Energy regularly monitors market dynamics, is involved with within in the legislative arena, writing white paper responses, providing stakeholder feedback, and advising government bodies such as the ESC, AEMO, AEMC, AER and EWOV on operational intricacies of the energy market and embedded networks regulatory bodies. This involvement and exposure to the issues, allows the business to take measures to address any potential market power or information asymmetries, ensuring a level playing field for all market participants

(d) The relevant health, safety, environmental and social legislation applying to the industry

CEP.Energy is committed to complying with relevant health, safety, environmental, and social legislation applicable to the industry. They have developed robust safety protocols to protect their employees, customers, and the environment. Additionally, CEP.Energy has actively pursued sustainable practices, including the

promotion of renewable energy sources. By adhering to the legislation and adopting environmentally responsible practices, CEP.Energy has contributed to the overall well-being of the industry and society.

(e) The benefits and costs of regulation for

consumers and users of products or services (including low income and vulnerable consumers):

CEP.Energy understands and supports the need to regulate the energy retail industry particularly where vulnerable customer are concerned. Though costs may be involved, CEP is committed to giving effect to this regulation by introducing competitive pricing structures, offering consumers more choices and the opportunity to select energy plans that best suit their needs. Although residential customers are initially not anticipated, CEP.Energy has prepared for such eventualities by preparing customer support programs to assist low-income and vulnerable consumers, ensuring they have access to affordable and reliable energy services.

regulated entities: whilst there is a cost for regulated entities such as CEP.Energy to ensure compliance with various legislation, regulation, and rules, it is a cost CEP.Energy has taken seriously. The business has engaged external consultant/s (and factored in the extra cost) to assist in ensuring obligations are complied with. CEP.Energy works towards minimising the regulatory burden internally and for regulatory bodies by collaborating with industry stakeholders to streamline processes, reduce administrative costs, and enhance operational efficiency.

(f) Consistency in regulation between States and on a national basis

CEP.Energy has supported efforts to achieve consistency in regulation between states and on a national basis. With a pending energy retail authorisation with the AER, CEP.Energy is across the obligations and processes required various jurisdictions. By operating across states, CEP.Energy will be in a good position to advocate for harmonised regulations across different jurisdictions.

(g) Any matters specified in the empowering instrument:

There are no further comments to add in this regard

Furthermore, in relation the ESC objectives under the *Electricity Industry Act* (s10), CEP.Energy's entry in the retail market in Victoria will contribute to:

- **Promoting the development of full retail competition:** By entering the electricity retail market, CEP.Energy will contribute to an increase in competition and choice for business customers. The unique offering focusing on renewable energy generation and storage solutions for commercial properties will provide an innovative new choice for business customers. This will encourage innovation, improve service quality, and provide customers with a wider range of options and competitive pricing, to ultimately promote greater competition in the retail electricity market.
- **Promoting protections for customers)** CEP.Energy has a strong commitment to protecting customers and has developed a suite of policies and procedures to ensure these protections are maintained.

Moreover, CEP.Energy has engaged compliance specialists as an additional support and safeguard to ensure customers are not unfairly treated, and all retailer obligations in this regard are met.

6. Statutory declaration

Required information	Response from CEP.Energy
<p><i>All the information provided in this application and attached documents for the issue of an electricity or gas retail licence must be true and correct and 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.</i></p> <p><i>An example of a statutory declaration form can be found here. Information for authorised witnesses can be found here.</i></p> <p><i>The statutory declaration must address the following:</i></p> <ol style="list-style-type: none"> <i>a. identification of the declarant’s position and/or role with the applicant</i> <i>b. that the declarant believes the information provided in the application to be true and correct</i> <i>c. 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/be registered as a market participant with the Australian Energy Market Operator in relation to the activity of selling electricity or gas (if applicable).</i> <p><i>The following statutory declaration template should be amended as appropriate, including for the purpose of complying with the Oaths and Affirmations Act 2018 (for example, if the statutory declaration was made via audio visual link under section 30A of that Act, additional information must be included in the statutory declaration).</i></p>	<p>Please see the statutory declaration below.</p> <p>Please note:</p> <ul style="list-style-type: none"> • the template was amended to a NSW form of statutory declaration, as the document was executed in NSW • the template wording has been slightly amended, to reflect that the applicant does not initially intend to register as a market participant with AEMO but will do so in future.


Statutory Declaration

OATHS ACT 1900, NSW, EIGHTH SCHEDULE

I, Peter David Wright, do solemnly and sincerely declare that

- a) I am the director of **CEP Energy Retail Pty Ltd**
- b) I believe **CEP Energy Retail Pty Ltd** is financially viable, having adequate resources to commence and sustainably operate the retail business.
- c) **CEP Energy Retail Pty Ltd** initially does not intend to register as a market participant with the Australian Energy Market Operator as energy will be purchased from an on-market retailer but intends to do so in future as a next phase of business operations.
- d) The information provided in the application (including any attachments) provided by **CEP Energy Retail Pty Ltd** to the Essential Services Commission for an electricity retail licence is true and correct.

and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Oaths Act 1900*.

Declared at: Darlinghurst, Sydney on 29 June 2023
[place]

[signature of declarant]

in the presence of an authorised witness, who states:

I, Geoffrey John Wensley, a Justice of the Peace No. 198767,
[name of authorised witness] *[qualification of authorised witness]*

certify the following matters concerning the making of this statutory declaration by the person who made it: [** please cross out any text that does not apply*]

- 4. *I saw the face of the person ~~OR *I did not see the face of the person because the person was wearing a face covering, but I am satisfied that the person had a special justification¹¹ for not removing the covering, and~~
- 5. *I have known the person for at least 12 months ~~OR *I have confirmed the person's identity using an identification document and the document I relied on was~~

[describe identification document relied on]



.....
[signature of authorised witness]

23-00-20

.....
[date]

¹¹ The only “special justification” for not removing a face covering is a legitimate medical reason (at September 2018)

ANNEXURE LIST

Document	Description	Confidential
Operational and Technical		
Annexure A1	ASIC Extract	No
Annexure A2	CEP Energy Organisational Chart	Page 1: No Page 2: Yes
Annexure A3	CEP Energy Group Structure Diagram	Yes
Annexure A5	Key Personnel - CVs	Yes
Annexure A6	Compliance Quarter - Agreement	Yes
Annexure A7	Compliance Quarter - Capability Statement	No
Annexure A8	Enerven – Agreement	Yes
Annexure A9	Enerven- Capability Statement x 2	No
Annexure A10	Energy Intelligence – Capability Statement	Yes
Annexure A11	Energy Intelligence – Roadmap	Yes
Annexure A12b	EWOV application	Yes
Annexure A13	Retail Supply contract – [REDACTED]	Yes
Annexure A17	Energy Intelligence and CEP – Services agreement	Yes
Annexure A18	Shared Safety and Risk – Full report	No
Annexure A20	[REDACTED]	Yes
Annexure A21	[REDACTED]	Yes
Policies and Procedures		
Annexure B1	External review of compliance and risk management	No
Annexure B2	Compliance Policy	Yes
Annexure B3a	Compliance Reporting Procedure - VIC	No
Annexure B4	Code of Ethics	Yes
Annexure B5a	Customer Hardship Policy -VIC	No
Annexure B6	Risk Management Policy	Yes
Annexure B7	Risk Register / Matrix	Yes
Annexure B8	Complaints Policy	No
Annexure B9	Human Rights Policy (HR Policy)	Yes
Annexure B10	Privacy Policy	No
Annexure B11	Audit Policy	Yes
Annexure B12	Third Party Process Policy	Yes
Annexure B13	Obligations Register	Yes
Annexure B14	Summary of Rights and Obligations	Yes
Annexure B16	Retailer Credit Reporting Checklist	Yes

Annexure B24	Energy Retailer Key Reporting Dates	Yes
Annexure B25	Family Violence Policy	No
Annexure B26	VIC Life Support Policy	No
Annexure B27	VIC Checklist for Energy Bills.docx	Yes
Annexure B28	VIC_ Deemed Best Offer Checklist - VIC.docx	Yes
Annexure B29	Licensed retailer in Victoria website checklist.docx	Yes
Business Plan and Financial Information		
Annexure C1	Business Plan	Yes
Annexure C2	Market report	Yes
Annexure C3	Financial Model – Baseline	Yes
Annexure C4	Financial Model – Scenario 1	Yes
Annexure C5	Financial Model – Scenario 2	Yes
Annexure C6	Financial Model – Scenario 3	Yes
Annexure C7	Financial Model – Scenario 4	Yes
Annexure C8	Audited / Unaudited Financial Reports FY2022	Yes
Annexure C9	Bank statement / evidence of finance	Yes
Annexure C10	Cross Company Deed of Guarantee	Yes
Annexure C11	Shared Services Agreement	Yes



The energy business
of tomorrow.