



JASMIN SOLAR

FREE SOLAR FOR YOUR HOME

Queensland Electrical Contractor's Licence No. 75214

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Thursday 11th April, 2013

Ms. Imogen Hartcher-O'Brien

Director (a/g) | Adjudication Branch. **Australian Competition & Consumer Commission.** 23 Marcus Clarke Street, Canberra. 2601.

RE: N96232 & N96653 - Jasmin Solar - exclusive dealing notifications

Dear Imogen & Megan,

Thank you for your email dated 5th April, 2013 concerning the request for further information relating to the above notifications.

I am pleased to provide the following information and documents in advance of the Monday 15th April deadline so that we can be assured of working together with the ACCC to achieve the required outcome sought by the ACCC by close of business Monday 15th April or soon thereafter.

Public Benefits

- 1. Provide any workings, supporting spreadsheets, assumptions or formulae used to create this spreadsheet.***

Please see attached file – 'Jasmin Break-even Summary' which was done in October last year. It shows the breakeven time relating solely to the repayment of the upfront cost of the system paid-for by Jasmin Solar. In each case, the total breakeven time is double these figures when administrative, marketing, and infrastructure overheads are also taken into consideration. For example, nearly \$600K has been spent on marketing, \$400K on staff already etc.

2. ***Provide copies of all documents (word processing, spreadsheet, presentations or otherwise) that forecast, analyse or discuss Jasmin Solar's individual or average customer solar electricity generation, use of solar electricity and/or use of Grid.***
 - Please see attached Jasmin Solar Business Plan
 - Please see attached Jasmin Solar Copies of 3kW, 4kW, 5kW customer bill and amount of solar usage estimates of excess generation leftover
 - Please see attached Jasmin Solar Information Pack sent to every customer
3. ***Provide copies of all documents constituting Jasmin Solar's business model that are not already captured by questions 1 and 2 above.***

The ACCC has been provided with all documents that constitute Jasmin Solar's Business Model. It is a very simple model that works well for both the customer and for Jasmin Solar.

Public detriments

4. ***As noted above, the ACCC is concerned that retail prices charged to consumers under the arrangements may not be competitive throughout the 16 year period of the customer's contract with Jasmin Solar. Given the concerns of the ACCC regarding this aspect of the notified arrangements:***
 - a. ***One way to address this would be to provide an enforceable assurance (contractual or otherwise) to the ACCC that provides sufficient certainty about price and non-price terms and conditions throughout the course of the period of the contract between Jasmin Solar and the customer. Jasmin Solar will need to consider how it will achieve the terms of any enforceable assurance given it is not a party to the contract between Diamond Energy and its customers.***

Jasmin Solar believes that Diamond Energy operates in a highly regulated market environment, and as outlined below, Diamond Energy is not pricing outside the tariff framework as specified by Energex and the QLD Government. In addition Diamond Energy uses the industry standard energy retailer contract for their customers to complete and sign.

Sample of QLD Electricity Retailer's Tariffs (GST inclusive)

	<u>ORIGIN</u>	<u>Lumo</u>	<u>DIAMOND</u>	<u>Aust. Power & Gas</u>	
<u>Tariff 11</u>					
All consumption	25.3781	25.377	25.378	25.38	c/kWh
Daily Supply Charge	28.787	28.787	28.787	26.19	c/day
<u>Tariff 12</u>					
Peak consumption (Weekdays 4pm - 8pm)	38.4153	38.412	38.4153	38.42	c/kWh
Shoulder consumption (Weekdays 7am-4pm, 8pm-10pm, Weekends 7am-10pm)	23.5752	23.573	23.5752	23.58	c/kWh
Off Peak consumption (Weekdays and Weekends 10pm-7am)	18.8463	18.843	18.8463	18.85	c/kWh
Daily Supply Charge	86.4358	86.438	86.4358	26.29	c/day

NOTE: the only real anomaly relates to the daily supply charge of Australian Power & Gas

Jasmin Solar does not expect or believe that Diamond Energy will uplift any tariff to apply to any of its customers, but Jasmin Solar acknowledges however that Diamond Energy is a third party company over which Jasmin Solar has no shareholder or managerial control.

In order to provide the ACCC with an enforceable assurance to its satisfaction that any customer of Jasmin Solar is not going to be disadvantaged should Diamond Energy uplift any Tariff (other than any normal uplift specified by either the QLD Government or the Energy Regulator) in the future during a Jasmin Solar customer's energy retailer contract term with Diamond Energy, Jasmin Solar unequivocally commits to rebating to the customer up to 4c/kWh of energy charged from the Grid to cover any premium that Diamond Energy uplifts any tariff (if it does so).

This rebate would be paid to the customer within 30 days of the end of each quarter, and would continue until such time as Diamond Energy ceased any tariff uplift, or the customer is provided with an alternate energy retailer contract via Jasmin Solar or another approved energy retailer that does not include any non- Government or Regulator Tariff uplift.

If Jasmin Solar were to have to pay its customers a rebate of say 4c/kWh at any time, it would represent a massive energy 15.76% discount/return to the customer over the current Tariff 11 rate that the majority of Jasmin Solar's customers have chosen as their Tariff with Diamond Energy. Jasmin Solar doesn't believe that Diamond Energy will independently uplift any Tariff at any time in the future, but in the unlikely event that they do, it is expected that

they would increase a Tariff rate by no more than half a cent/kWh or maybe one (1) cent/kWh. Thus, Jasmin Solar believes that up to a 4c/kWh allocation to cover the customer's interests is a most satisfactory amount to cover any unexpected contingency. As further validation of this, a customer rebate contingency of up to 4c/kWh represents 50% of the current QLD Government Feed in Tariff of 8c/kWh.

Jasmin Solar can have its Lawyers, Madgwicks, draft an enforceable undertaking to this effect, seeking wording input from the ACCC, so that the ACCC is totally satisfied that Jasmin Solar is concerned to ensure that none of its customers are disadvantaged re. energy retailer tariff uplifts over and above normal inflation uplifts as specified by either the QLD Government or the Energy Regulator, over the remaining 15 year term of their contracts with Jasmin Solar.

Jasmin Solar is serious in its commitment that its customers receive true and verifiable benefits from choosing a Jasmin Solar System.

Jasmin Solar will also provide the ACCC with an enforceable undertaking that should/when Jasmin Solar receives its Energy Retailer Authority, it will NEVER charge its customers Rates higher than the Tariff/s as defined by the QLD Government or the Energy Regulator for the next 15 years. If/When granted an Energy Retailer's Authority, there is a far higher probability that Jasmin Solar will provide a discounted Tariff rate to all its customers over the next 15 years so as to make its customers happy long-term partners. There is currently far too high a churn-rate with Energy customers, and Jasmin Solar is working on another new paradigm that will make customers happier, and as a result they will be more loyal and become long term partners.

b. Provide documents to support the claim that Jasmin Solar customers will face prices for the retail supply of electricity that are within a competitive range throughout the 16 year period of Jasmin Solar's contract with its customers.

Jasmin Solar will independently provide the ACCC with an enforceable undertaking that its customers will face prices for the retail supply of electricity that are within a competitive range throughout the 16 year period of Jasmin Solar's contract with its customers. Jasmin Solar will be pleased to consult with the ACCC to determine the appropriate wording to ensure the ACCC is satisfied that a legally enforceable undertaking can be imposed should Jasmin Solar be in breach of this undertaking over the next 16 years. Jasmin Solar wishes to definitively prove to the ACCC that it is a

prudential and ethical corporate citizen that has no intent to see its customers disadvantaged as a result of partnering with Jasmin Solar.

Jasmin Solar is not interested in making extra margin on any electricity tariffs charged to its customers by either Diamond Energy, another energy retailer, or by itself if/when it receives an energy retailer authority. Jasmin Solar does not condone or approve of Diamond Energy uplifting any electricity Tariff set by either the QLD Government or the Energy Regulator. Nor does Jasmin Solar expect that Diamond Energy will uplift any set Tariffs to apply to Jasmin Solar/Diamond Energy customers.

At no time has Jasmin Solar considered, forecast, or included in any of its Business Plans or financial spreadsheets any potential revenue generation relating to an uplift of electricity tariffs that are to apply to any Tariffs that apply to Jasmin Solar customers. This was never a focus or even a consideration of the Jasmin Solar Business Model, and it will NEVER be a consideration for the next 15 years. If Jasmin Solar had considered this as a potential revenue item, the ACCC would have seen amounts relating to this in the spreadsheets and other documents already supplied months ago. There are no references to such energy retailer tariff revenues as it is not part of the Jasmin Solar business paradigm.

For \$1 Solar System sales, Jasmin Solar makes its revenues solely from the Federal Government STCs, the QLD Government Feed in Tariff rebate, and a 4c/kWh premium that Diamond Energy pays to Jasmin Solar (where all other energy retailers pay their solar customers an 8c/kWh premium).

- 5. In the event that Jasmin Solar is granted retail authority in Queensland, please confirm whether Jasmin Solar plans to provide retail services in the Energex region (or the Ergon region also) and whether Jasmin Solar will offer retail services to its solar system customers only or whether the retail service will be offered to all consumers residing in the region/s.***

Jasmin Solar can state categorically that it intends to provide full retail energy services to all customers throughout the state of Queensland, regardless of whether they reside in either an Energex or Ergon supported area. Thus, not only Jasmin Solar's solar system customers will be served by Jasmin Solar for their retail energy needs, but other households that wish to be provided with proactive customer service, discounted Grid electricity charges etc. will be served by Jasmin Solar. Jasmin Solar is currently excluded from providing its services in the Ergon supported areas and this has been a source of frustration for both Jasmin Solar and the Ergon supported householders that want to purchase a Jasmin Solar system.

We welcome the input, feedback and support of the ACCC to ensure we achieve a compliant outcome that is positive and workable for all parties.

I look forward to the updates from the ACCC and to also being a part of the teleconference on Monday to ensure a satisfaction resolution is achieved by all parties concerned.

Many thanks again.

Regards,

Dr. Matthew Starr

Managing Director

Jasmin Solar Pty Ltd.