

# How it all Works

*Localvolts - Anyone can be an Energy Farmer*

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## Localvolts – How it all Works

Localvolts is a new type of energy company operating an open electricity marketplace where you have full control over the purchase and sale of your energy and associated services. Your outcomes will depend on your specific energy usage and production profile(s), your preferences, and the market conditions.

### Eligible Customers

We are accepting residential customers located in Ausgrid's service area in New South Wales only at present.

### Buying Electricity

You have control over the price you pay for your electricity, and who you buy from. You set your preferences, and we find for you the cheapest electricity for every 5-minute<sup>1</sup> period to cover your specific needs. Where we don't find a match, or you use more energy than anticipated, you buy your electricity from the wholesale spot market operated by the Australian Energy Market Operator (AEMO).

We offer two preference set-ups to simplify your purchase decisions:

- |                         |   |
|-------------------------|---|
| <b>Spot Energy:</b>     | all of your energy is purchased from the wholesale spot market.   |
| <b>Cheapest Energy:</b> | we match your needs with the cheapest energy offered by the sellers in the Localvolts marketplace, or buy from spot where no matches are found. |

You can subsequently modify your set-up by controlling each aspect of your energy supply to formulate a unique buy preference set-up.

All charges are applied on a pass-through basis.

We will initiate your preferences once we are informed that you are transferred to us as our customer. You will purchase energy from the wholesale spot market for the period between your transfer and the initiation of your preferences.

### Selling Electricity

Where you export energy into the grid, you have full control over the sale price of your electricity, and who you sell to. You place your offers and we find the buyers willing to accept your energy for every 5-minute period. Where we don't find a match, or you end up exporting more energy than anticipated, you sell your electricity into the wholesale spot market operated by AEMO.

Any applicable charges are applied on a pass-through basis.

We will initiate your preferences once we are informed that you are transferred to us as our customer. You will sell energy into the wholesale spot market for the period between your transfer and the initiation of your preferences.

### Allocating AEMO's Prudential Requirements

AEMO requires all retailers to provide credit support in the forms for bank guarantees and cash deposits to cover energy purchases from the wholesale spot market. We will identify the credit support needed to support your energy purchases, and the costs associated with providing that capital to AEMO.

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<sup>1</sup> The electricity industry moved from 30-minute to 5-minute settlements from October 1, 2021.



## Localvolts Service Fee

We charge a fixed service fee, please see our rates at the end of this document.

## Transparency

We display the rates, quantities, and names of the buyers and sellers involved in all transactions.

## All-in Rates

We will compute your all-in rates to help you understand your true energy costs and earnings.

### *All-in Rate – Usage*

This rate is calculated as the sum of all charges divided by the amount of energy imported from the grid for a defined period, in cents/kWh.

### *All-in Rate – Earnings*

This rate is calculated as the sum of all earnings divided by the amount of energy exported to the grid for a defined period, in cents/kWh.

## Billing

You determine when and how often you receive your bills; subject to receiving at least one bill per month.

## Payments

You have the choice of two payment modes.

### *Pre-Pay with Auto Top-up*

You are required to maintain a positive cash balance that can vary between your *low* and *high limits*. These limits depend on your billing frequency, and your expected future charges and earnings.

We will apply a payment when your account balance falls below the *low limit*; the payment amount is the difference between the *high* and *low limits*.

Where your account balance exceeds the *high limit*, we will deposit the excess funds in your nominated bank account.

You will be required to set-up a direct-debit facility so that we can top-up your account automatically.

### *Post-pay*

Your bills will be issued with a *pay-by* date. You must pay your bills by this *pay-by* date, or set up a direct-debit facility to enable us to withdraw funds on that date.

You will incur additional charges for using *Post-pay*.

## Failure to pay on time

If you fail to pay your bills on time, you may lose your ability to set your buying and selling preferences so that all of your subsequent energy transactions will be at the spot prices. You will also incur late payment fees.



## Meters

No special metering is required to be with us – any meter will do. Unless you are selling energy then you need to have a meter that records exports to the grid.

## Concession Customers

We will accept to your request to be treated as a concession customer while we confirm your eligibility with the relevant government agency. Should your eligibility be denied, or invalidated for any reason, your previously applied concession credits will be reversed.

## Leaving us

You can leave us anytime without incurring any exit fees or penalties. We will terminate your matches to buy or sell energy that go beyond your departure date.

## Electricity Plan Descriptions on Energy Made Easy

Regulations require all authorised retailers to register their residential electricity plans with Energy Made Easy, a website operated by the Australian Energy Regulator. Registered plans are recorded and displayed in a standard format to enable people to examine and compare competing offers from multiple retailers.

Localvolts' marketplace does not conform to the standardised structure imposed by Energy Made Easy; hence most of the information displayed or produced by the Energy Made Easy website regarding Localvolts is overly simplistic and does not adequately explain our offering.

## Description of Localvolts rates and charges

Interest rate	an interest rate of 10.20% per annum will apply in determining <i>Post-pay</i> and <i>Credit support</i> charges.
Late payment fee	a fee of \$15 will apply when a bill is not paid in full by the <i>pay-by</i> date. GST is not applied to this fee.
Localvolts service fee	\$1.10 per day for each National Meter Identifier (NMI), applied at each 5-minute interval. GST is included.
Paying with credit and debit cards <sup>2</sup>	30 cents per transaction, plus 1.75% of payment made. GST is included.

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<sup>2</sup> Visa and Master Card only