



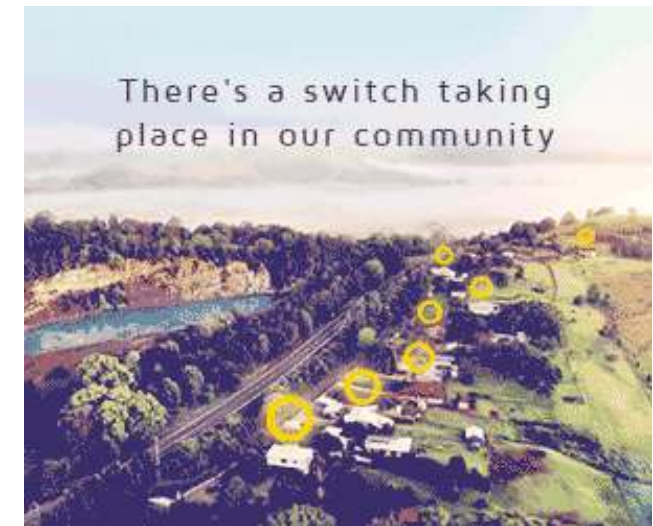
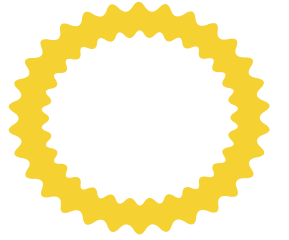
COMMUNITY
OWNED
RENEWABLE
ENERGY

Annual General Meeting

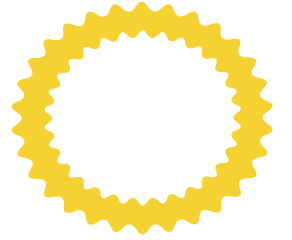
21 November 2017
Managing Directors Report.

ENOVA'S DIFFERENCE

- Energy education
- Community ownership
- Focussed on renewables
- Social enterprise objectives
- A new energy model



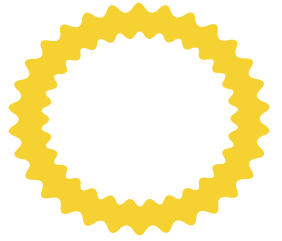
ENOVA HIGHLIGHTS 16/17



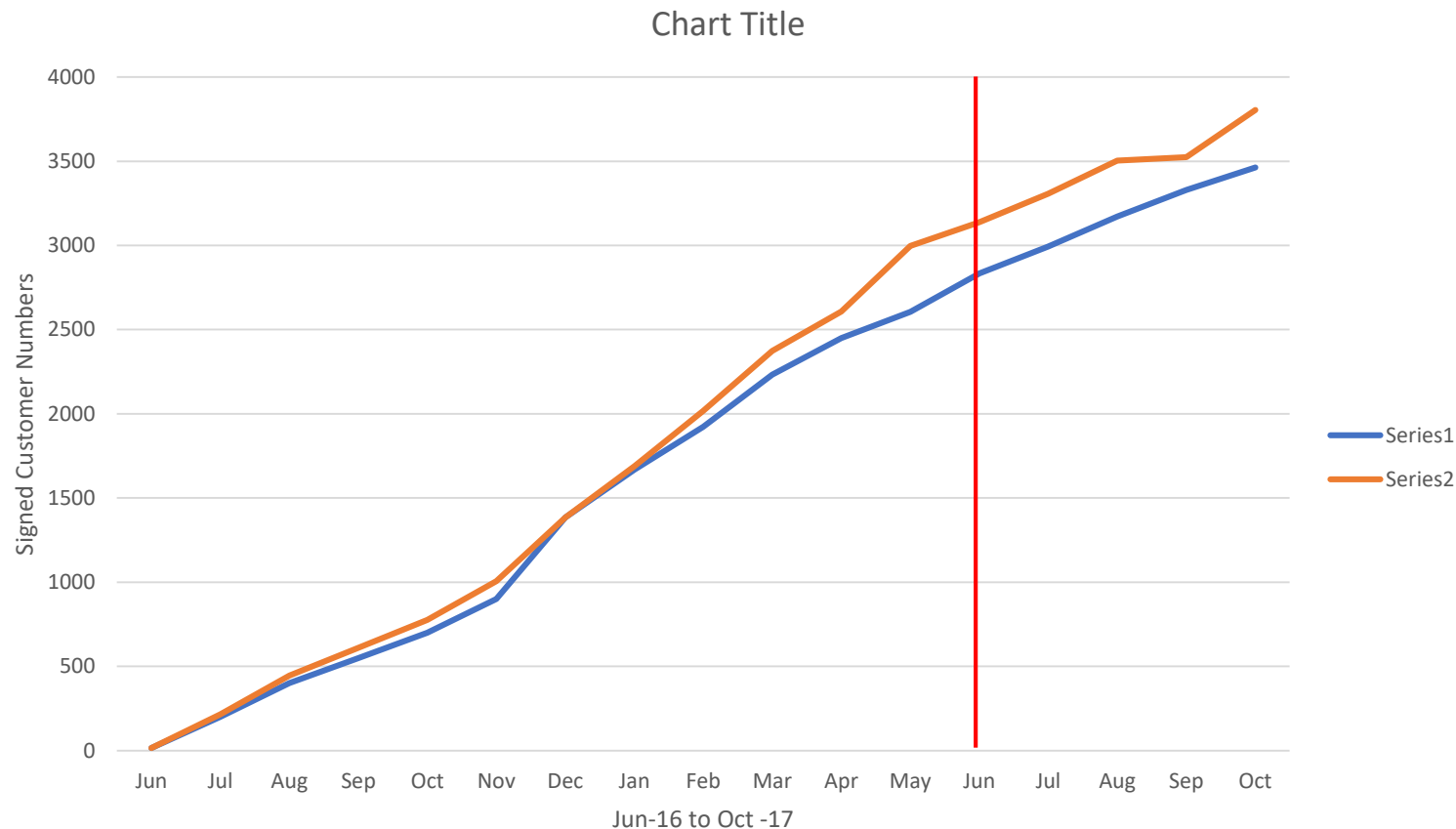
- Generous feed in tariff – Jan - Jun 2017, 12c kwh – now up to **16c kwh**
- A market leader in increasing FIT (e.g. Origin FIT 6-12c Jan 2017)
- 2468 transferred customers – Now 3131 (3455 when adjusted for SME)
- 2/3rds have solar PV to provide Enova with renewable energy for supply
- First Enova owned solar generation installed
- Generating enough excess energy for 500 homes with local renewables (35-40% of our purchased energy comes from local renewables)
- MOUs with 2 community Groups outside Northern Rivers to support local generation/ retailing



The Year that was.



- Customer Acquisition path.

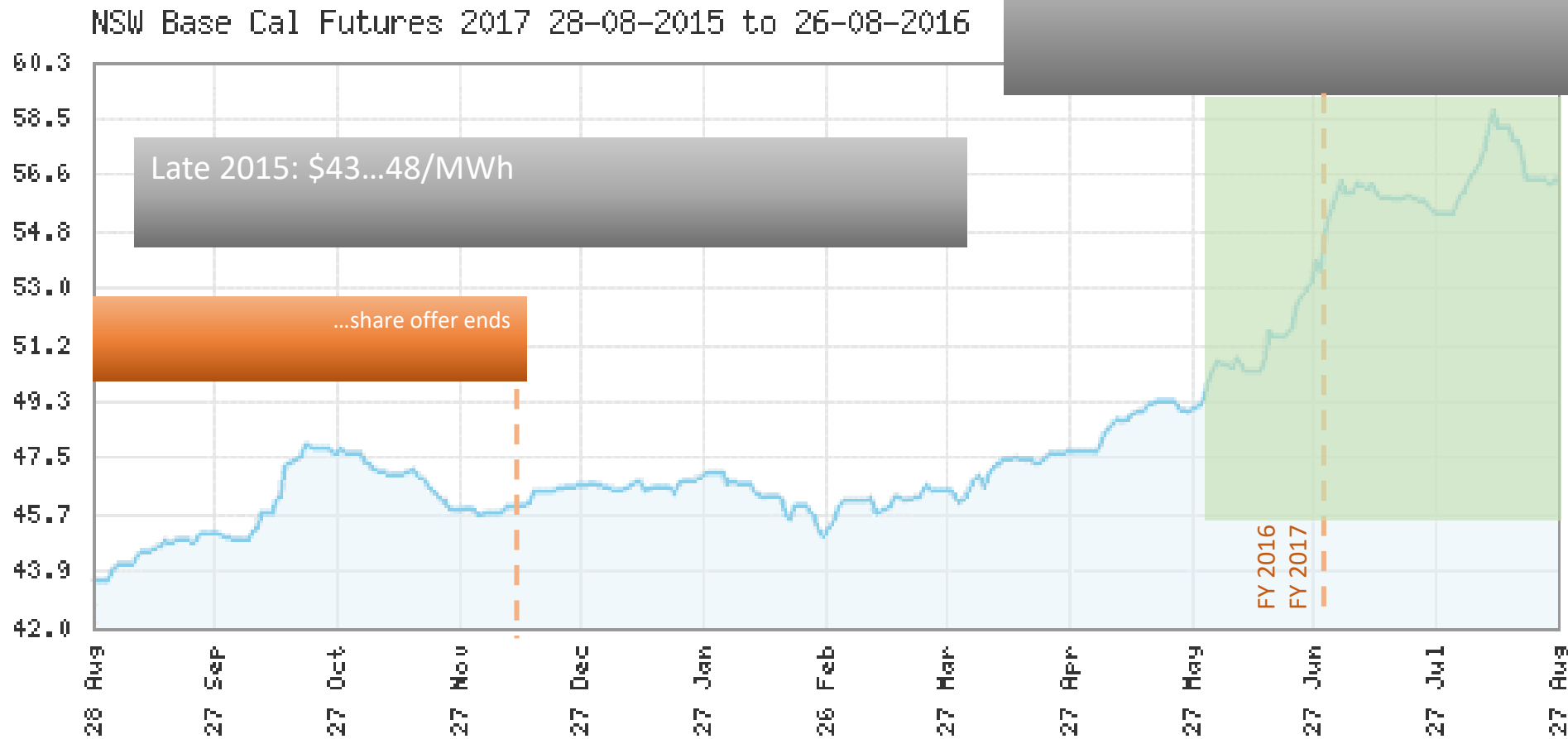


- Continue to have a very green customer base.
- 58% have chosen a Green Product add-on
- 49% have a premium solar feed in tariff.
- 230 Business customers

Impact of Wholesale Market Volatility



Wholesale price during and after the share offer

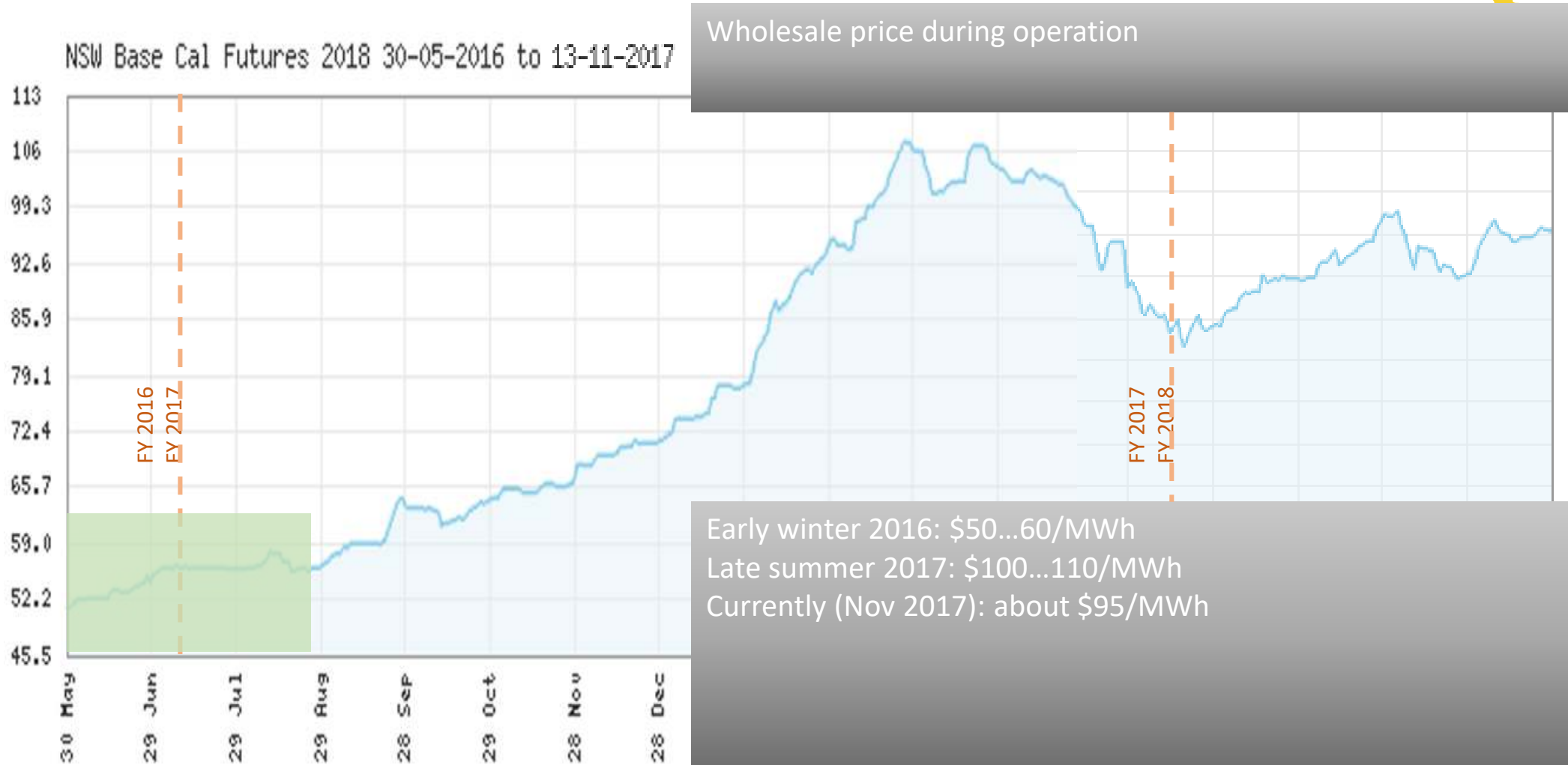
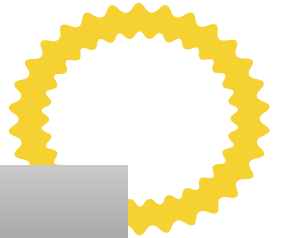


FY 2016
FY 2017

Source: ASX

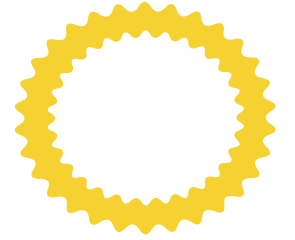
Green shaded area represents the same time and price scale

Impact of Wholesale Market Volatility



Green shaded area represents the same time and price scale

Price Increases July 1.



Energy and Utilities Minister Don Harwin. Picture: Stephen Cooper

NSW

Households will pay up to \$400 more for power because of the rising cost of wholesale electricity

Andrew Clennell, State Political editor, The Daily Telegraph

April 26, 2017 12:00am

Subscriber only



NEWS

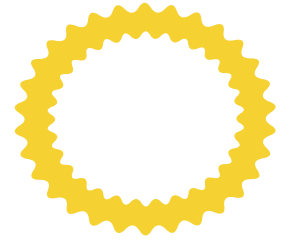
Origin announces energy price hikes for customers in SA, NSW and Queensland

By political reporter Nick Harmsen

Posted Fri 16 Jun 2017, 11:22am

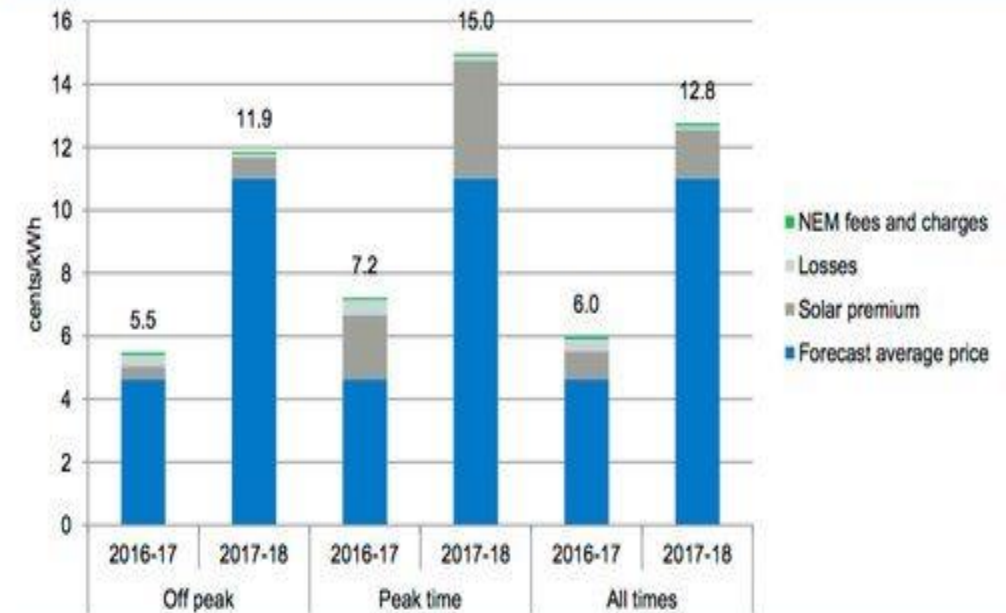
- Wholesale price major driver of retail price increases.
- Significant Government pressure to keep Retail increase down.
- Major integrated players able to balance between wholesale & retail margins.
- Small players like Enova have margins squeezed.

NSW Regulator Feed in Tariff Recommendation



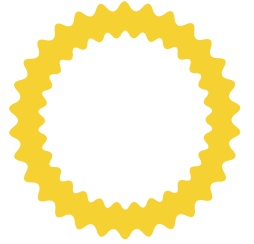
- Set the benchmark FIT at 11.9c/kWh to 15c/kWh
- Previously offered highest in the market - 12c/kWh
- New Solar 16 Plus launched
- FIT on community product range increased from 6c/kWh to 9c/kWh.

Figure 4.1 Summary of the benchmark range 2016-17 and 2017-18 (c/kWh, incl. inflation)



Source: IPART.

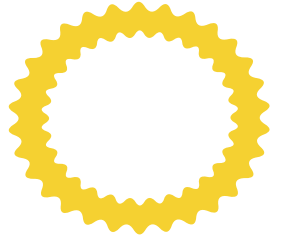
Moving to a new Customer Information and Billing System



- Existing system restricting our ability to grow.
 - System is very bespoke for Enova – Not meeting our current needs.
 - Difficulty in making product changes
 - Does not facilitate moving into other territories
- Investigated market for alternative providers
- AGILITYCIS chosen
 - Product used widely in the industry
 - Out of the box not bespoke
 - Provides added functionality and flexibility
- This expense was not initially anticipated, new system will deliver savings and support growth once implemented.

AGILITYCIS

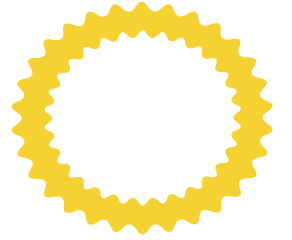




Enova Community Successes - NFP

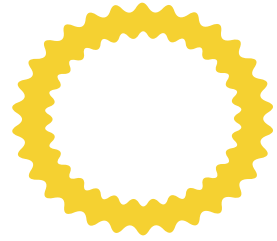
- Launch of Repower Byron Shire
- Enova Solar Housing Project
- Energy Efficiency Education
- Assisting other Not for Profits access loans from CORENA (Citizens Own Renewable Energy Network Australia)
- Grants

The Year Ahead

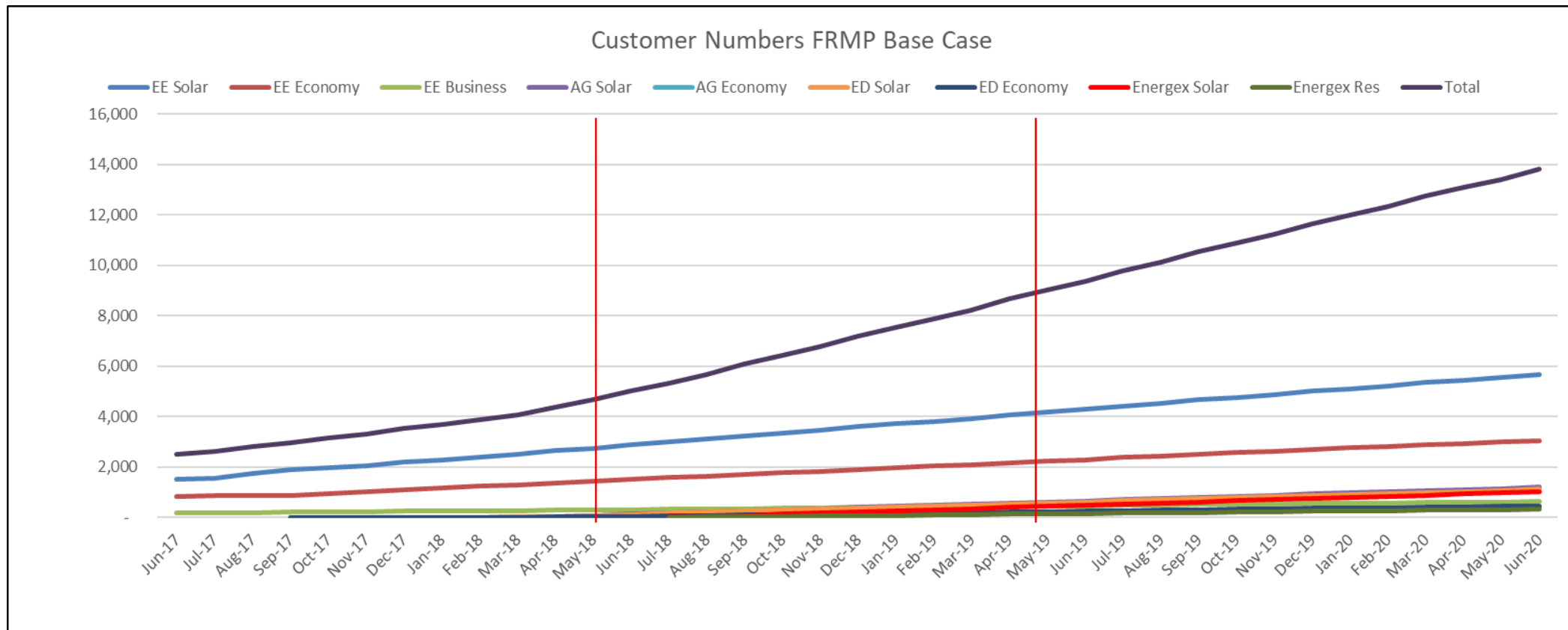


- Challenges:
 - The shift to AgilityCIS was not originally anticipated.
 - Delay in moving into other markets has slowed planned customer acquisition.
 - Wholesale price volatility, covering contractual positions
 - Continued lack of Government policy direction
 - NEG impacts still unknown
 - Impact on RET uncertain
 - High prices for Green certificates under the RET
 - Customers preference shifting to Price sensitivity vs community benefit
 - Achieving and managing the Scale up

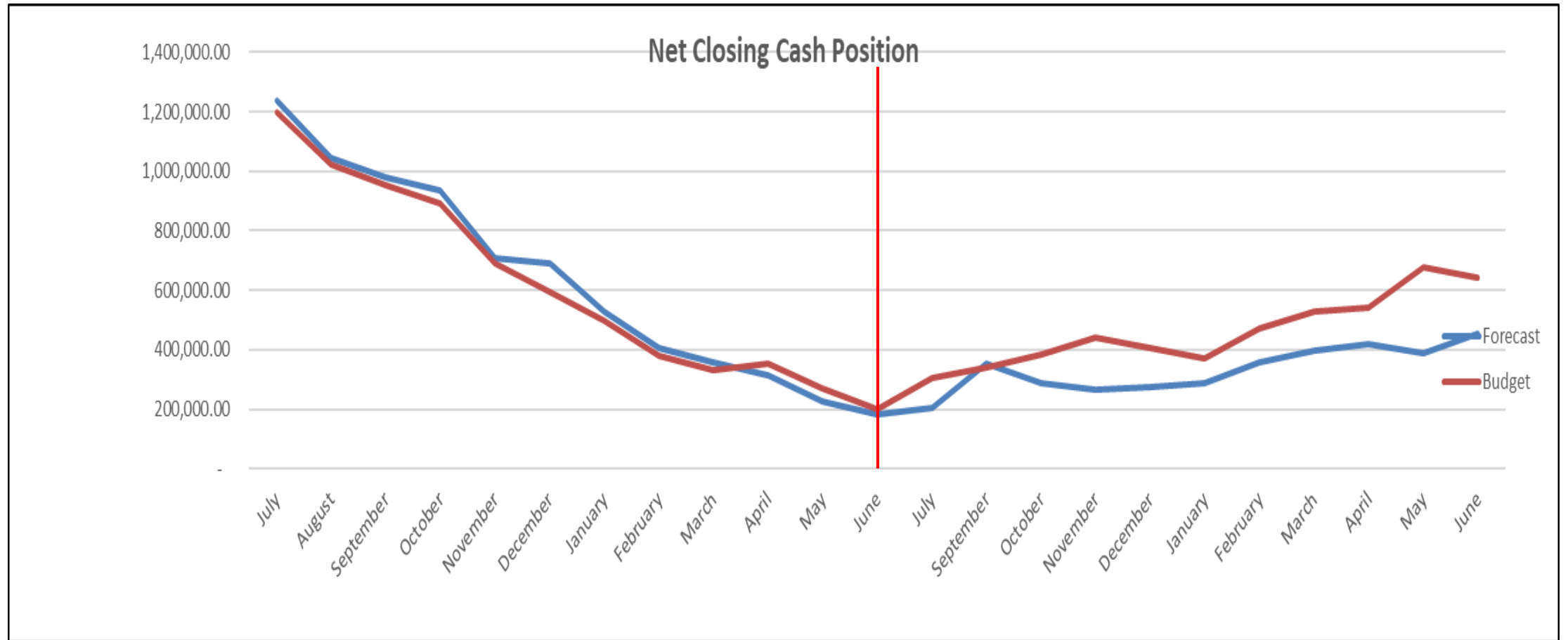
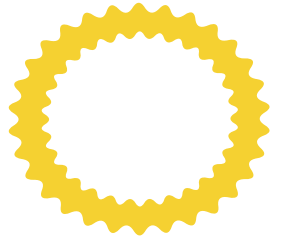
2018 Forecast Assumptions

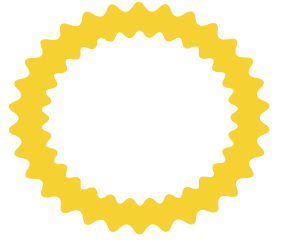


- Maintain current customer acquisition rate
- Increase churn from 3% to 10%
- Measured roll out from March in Endeavour and Ausgrid network areas.



2018 and 2019 Cash flow Forecast - Base Case

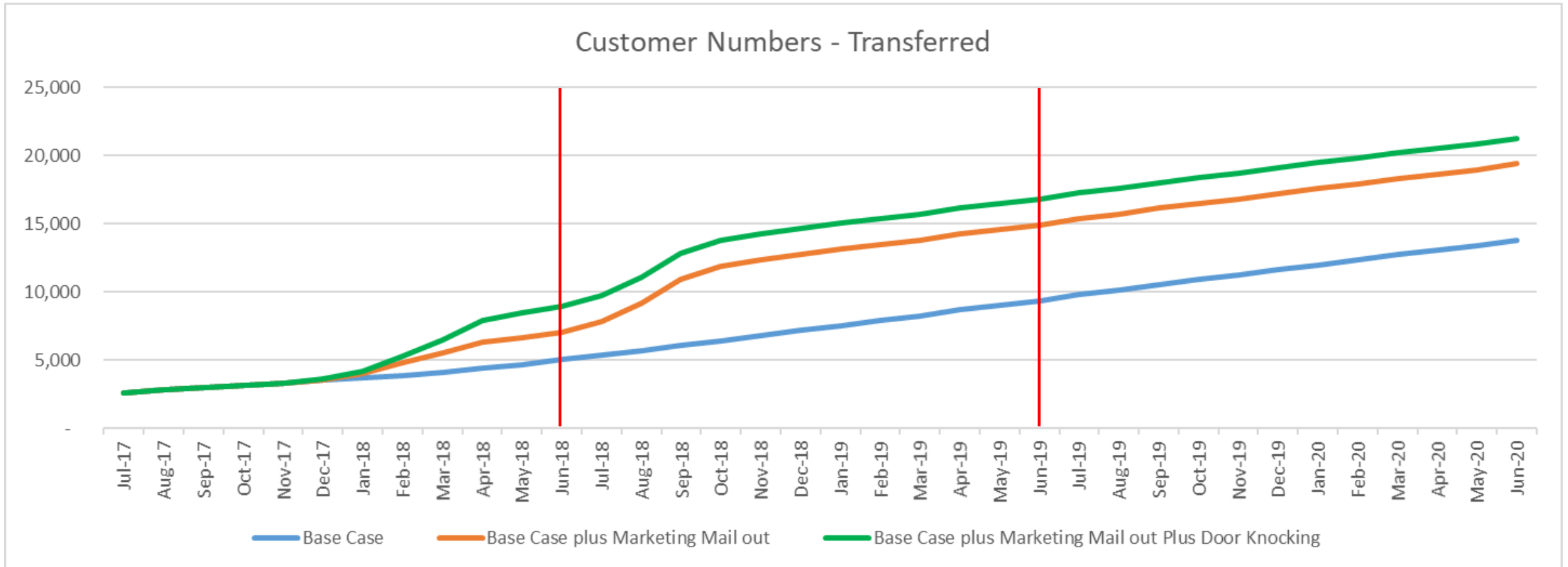
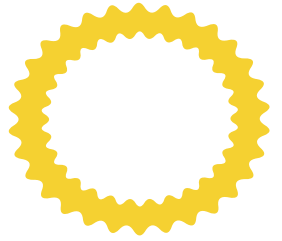




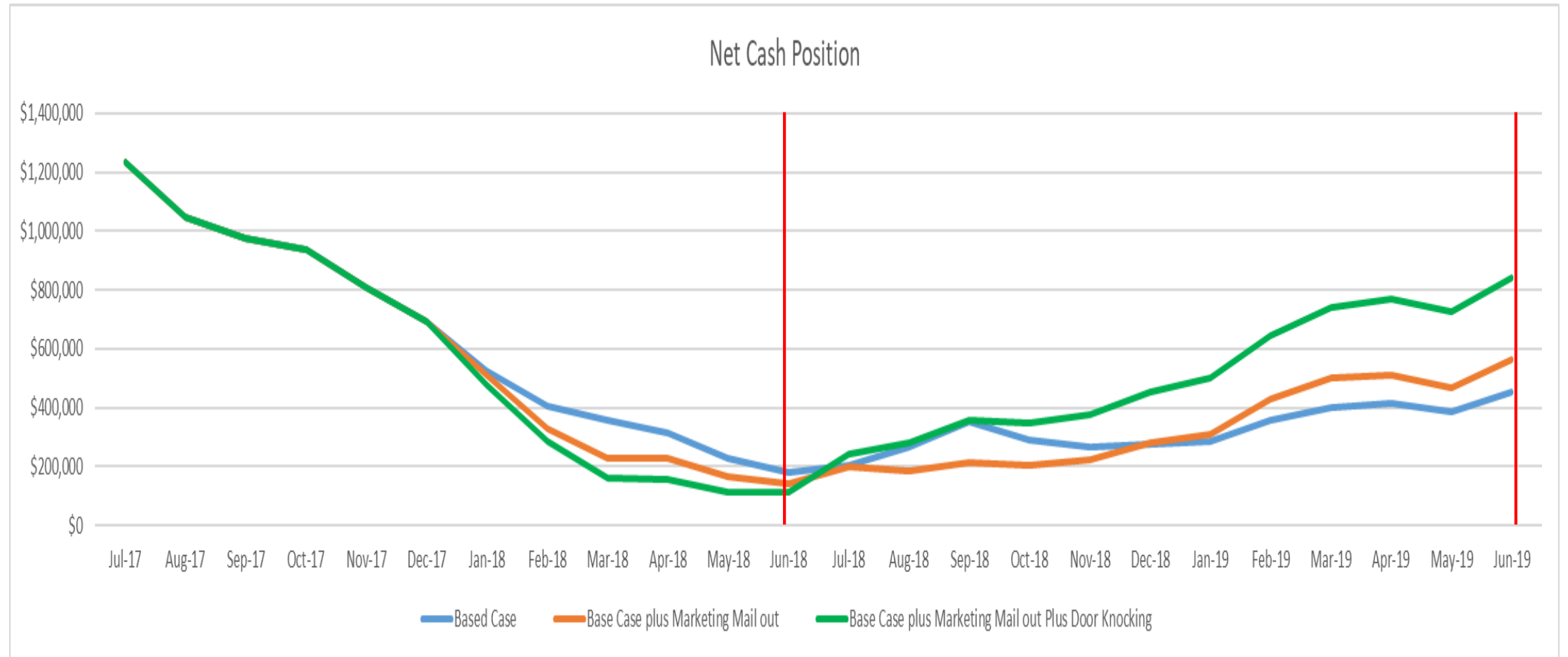
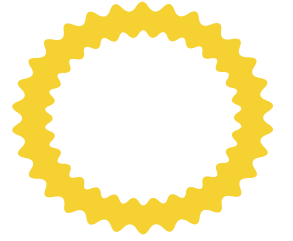
What are we doing

- We have put in place lines of credit with local philanthropic investors to ensure we have the funds to ride through the dip.
- We are bringing budgeted marketing expenditure forward to increase customer acquisition.
 - Continuing with current community based marketing
 - Community radio
 - Community events
 - Solar partnerships
 - Digital marketing on Facebook, Youtube – customer testimonials.
 - Trialling a direct mail campaign
 - Modelling the cost and impact of a door knocking campaign.
- Expansion into Newcastle, Sydney and Wollongong from March

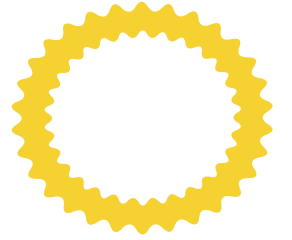
Comparison of Forecast Options Customer Numbers Transferred



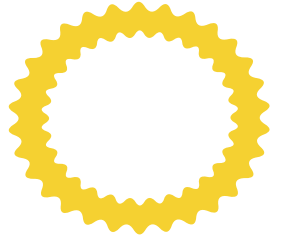
Comparison of Forecast Options -Net Cash



Product Pipeline



- Solar Garden model already launched and now looking for suitable opportunities to deploy.
 - Provides access to solar for customers who currently can not access solar
 - With the right host provides very strong returns for the customers who subscribe.
 - Launch event created very positive response from the community and major commentators.
- Community Virtual Power Plant.
 - Full energy service to customers
 - Includes solar PV and Batteries behind the meter
 - Customer pays nothing up front.
 - Creates access for Enova to utilise the combined capacity at times of high wholesale prices or to support local network constraints.
- Community Partnership model
 - Building the replicable model for other communities to benefit from the Enova model
 - Solar Share Canberra partnership to manage their solar farm energy and retail to their customers
 - Currently working on a new partnership with a like minded business to develop niche microgrid products aimed at community residential developments. Includes working with developers of new community developments to offer greater costs savings to customers.



What can you do to help?

- Advocate to friends and family on behalf of Enova
 - Friend refer friend campaign is available.
 - Total of \$50 per new customer available to be shared with your self and the new customer
- Continue to provide feedback, via current channels, on community sentiment you are aware of.
- Ensure your own residential and business premises are Enova customers
- Support us at every opportunity – **Its your business**
 - Convert your hairdresser
 - Convert your coffee shop
 - Convert your local deli/IGA

THANKYOU!

QUESTIONS



It's YOUR Energy Company™
Enova Community Energy Ltd Nov 2017
enovaenergy.com.au