Attachment 7 – Details of Proposed Contracts for the Provision of Amenity or Service

1. Verge maintenance agreement

The Ecovillage's sustainability objectives provide for the incorporation of productive trees and plants wherever appropriate in the verge landscaping. The Strata Company is required to make an application to the local government to vary the verge landscaping from standard Shire landscaping requirements as per the Augusta Margaret River Shire Verge Landscaping and Maintenance Guidelines (https://www.amrshire.wa.gov.au/library/file/4Sustainability/Environment/Verge%20GUIDELINES%20FINAL.pdf).

While it will be the individual lot owners' responsibility to maintain the verge planting adjacent to their lot, under the Strata Company by-laws (see Governance by-law 23), as the owner of the common property the Strata Company will apply for one overall approval for the verge landscaping.

This application will be made on behalf of the Strata Company by the Seller during the Development Period, and will include a landscaping plan and plant species list that reflects the landscaping installed on the verges by the Seller. These plans will be held by the Strata Company for future reference. The agreement will commit the Strata Company to "maintain the verge installation so as not to cause a hazard, including maintaining sightlines and clear walkways (where applicable) for other community members." The Strata Company will enforce this maintenance requirement on affected lot owners through its by-laws.

There is no cost associated with the application, and all initial verge landscaping materials and implementation is provided by the Seller.

The agreement will remain in place indefinitely with the Augusta Margaret River Shire (**Shire**) until

(a) the Shire changes its policy;

(b) the Strata Company varies its landscaping installation; or

(c) the Shire withdraws its permission through the Strata Company's non-compliance with the agreement.

2. Irrigation water supply and Ecovillage Common land maintenance agreement

Ecovillage Commons Ltd (**ECL**) will provide:

(a) a non-potable water from the dams situated on the Ecovillage Commons to the Strata Company (as it will to the strata companies of each other Cluster in the Ecovillage) for the purpose of irrigation of common property areas. It will supply the Strata Company with up to 3 ML per annum; and.

(b) a management service to maintain land and infrastructure on the land comprising the Ecovillage Commons, with particular regard to Shire fire risk management requirements.

The non-potable water will initially be charged at $0.50 per kL, with an initial annual service charge of $100.00 per lot to the Strata Company. These charges will be reviewed and amended as required from time to time by the directors of ECL to take into account the present and future anticipated costs and expenses of providing non-potable water and managing the Ecovillage Common land and infrastructure. The water charges and service fee are included in the proposed Strata Company Draft Budget (Attachment 6 of the Disclosure Statement).

The Water Supply and Land Management Agreement term will have no end date, with the Shire requiring ECL to provide irrigation water to the Strata Company in perpetuity as a condition of the Development.

Under the Water Supply and Land Management Agreement:

(a) ECL will:

  (i) manage bushfire risks concerning the Ecovillage Commons to Shire requirements;

  (ii) operate and maintain the dams, pumps and irrigation mains; and

  (iii) be responsible for the supply and delivery of the water to an agreed upon delivery point on the Strata Plan (irrigation storage tank); and

(b) the Strata Company will agree to:

  (i) at its own cost, operate and maintain short term storage irrigation water storage (tank) within their supply area;

  (ii) be responsible for the management and operation of irrigation infrastructure within their supply area;

  (iii) ensure that the use of non-potable water is restricted to the irrigation area specified in the agreement;

  (iv) give ECL access to the irrigation infrastructure in the Strata Company's supply area to record and monitor water use; and

  (v) not assign water irrigation rights or supply non potable water to another party.

3. Supply of renewable energy

Each Cluster of the Ecovillage is large enough to be considered a 'Contestable' connection to the Western Power grid, and, as such, the Strata Company will be able to make supply and export agreements with private energy retailers other than Synergy.

CleanTech Energy (CTE) has been chosen as the initial retailer to:

(a) supply the Strata Company with renewable energy during the construction phase of homes; and

(b) purchase energy from the Strata Company once homes are built and are exporting surplus renewable energy back into the grid.

CTE is one of WA's leading renewable electricity suppliers, with a commitment to using modern technology to lower the cost of electricity. It is possible for CTE to provide either a fixed rate or a flexible rate supply to the Strata Company, as follows:

A. Proposed Fixed Rate Agreement (as at 11/06/20)

The strata company will be charged an estimated fixed rate service charge of $6.60 per day. This is charged per Cluster, not per Lot, and will be $2,409.00 per annum per Cluster. The estimated fixed energy supply and purchase rates are as follows:

- 100% Renewable Energy Supply Rate: 22.9c/kWh
- Fixed Export Rate: 3.5c/kWh

B. Potential Flexible Rate Agreement

The Seller is continuing to negotiate with CTE on the terms of a flexible rate agreement, whereby CTE would take an estimated commission of 15% on top of the best supply and export rates that they can achieve on the Strata Company's behalf. This would most likely result in a lower supply charge and a higher export rate, however, it would also add risk to the agreement, so the Seller is currently recommending the fixed rates that have been offered.

The terms of the CTE agreement will be indeterminate, with the Strata Company able to negotiate with CTE and other energy retailers in the future. The Strata Company bylaws (see Governance By-laws 2, 14 and 25) provide flexibility for the Strata Company to determine which energy retailer to use and how to distribute income from energy sold.

4. Maintenance of Tesla battery

The Seller is providing a 232 kWh Tesla Powerpack battery in the Common Property to provide storage for renewable energy generated by Lot owners' rooftop solar panels, and to provide energy back to households at night. It must be serviced annually in order to maintain its warranty terms and extend the life of the battery, which is warranted to be at 70% useable battery capacity after 15 years. The Tesla servicing will cost the Strata Company an estimated $1,000.00 p.a., (with a 2% p.a. increase per annum) for a fixed term of 15 years, and includes servicing of the whole battery module and its inverter.

The first service will be not carried out until after the battery has been in use for 12 months (i.e., 12 months after household solar panels are installed and operational) but the service charge has been included in the Strata Company Draft Budget calculations to provide an indication of ongoing maintenance costs and realistic ongoing strata levies.

5. Management of microgrid (billing, distributions, internal trading, etc.).

Power Ledger is a Perth based blockchain enabled software platform for trading renewable energy and environmental commodities (https://www.powerledger.io). The Seller has initiated negotiations with Power Ledger to supply the Ecovillage strata companies with software to enable the efficient management of billing, internal energy trading, distribution of income from excess renewable energy, etc., within the strata companies' microgrids. The terms of the agreement have not yet been confirmed. It is proposed that the strata companies would commit to a fixed term trial with PowerLedger (e.g., 3 years), with the ability to continue the agreement into the future if the software is deemed compatible, or self-manage or appoint an alternative service provider in the future.