

# Update on Enova's voluntary administration

By  Hans Lovejoy | August 3, 2022 |  1

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Creditors for Enova Community Energy and Enova Energy say they have voted in favour of Deeds of Company Arrangement (DOCA) for each company, 'that will see the entities avoid liquidation and facilitate a better return for creditors'.

Last month, Byron Shire based Enova Community Energy Board announced that Enova Community Energy and Enova Energy, its retail electricity arm, had been placed into voluntary administration.

Enova's board said the company was unable to secure suitable wholesale energy price hedging, 'following the ending of an agreement with Diamond Energy, and limitations on it owing to a cap on customer pricing'.

In a statement by voluntary administrators, Cathro & Partners, they said Energy Locals has purchased parts of the business, and have structured the purchase in the form of DOCAs for each entity.

'For Enova Energy creditors, its DOCA also enables a return to creditors where a payment is made towards the DOCA when previous customers of Enova Energy switch to Energy Locals'.

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Cathro & Partners Principal, Simon Cathro, who is managing the voluntary administration said, 'This is the outcome we recommended, and have been working towards with Enova'.

'To date, Energy Locals have had a great response from previous customers of Enova, switching away from the Retailer of Last Resort and moving to connect with Energy Locals. With these previous customers doing this, this results in funds being contributed towards the Enova DOCA and paying a greater return to creditors in Enova Energy.'

*The Echo* asked Mr Cathro, 'What shareholders could expect in coming weeks after this result; How much money flows to Enova when a previous Enova customer switches to Energy Locals; What is the expected total return to the creditors if all previous customers switched to Energy Locals; and, What percentage of previous customers have changed so far?'

Mr Cathro replied, 'The Deed of Company Arrangement provides a financial contribution each time a former Enova customer switches to Energy Local'.

'To date, we have had an impressive number of customers switch to Energy Local, and we continue to promote to former customers that they switch so as to enable greater returns to creditors through the Deed of Company Arrangement.

'We ask former customers that haven't switched to please consider as it will provide a return to creditors impacted.'

Enova Managing Director and CEO, Felicity Stening, added it was a positive step forward 'in what has been a disappointing development for the business'.

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