

Tim Kelly

Adelaide, South Australia

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Submission – (Final 1.1)

To

- The National GreenPower Steering Committee
- Institute of Sustainable Futures University of Technology - Sydney

Via [greenpower.admin@trade.nsw.gov.au](mailto:greenpower.admin@trade.nsw.gov.au).

### **Re: GreenPower Program Review - Public Consultation Paper, February 2015**

Thank you for providing the opportunity to comment on the GreenPower Program Review.

I am a dedicated supporter of the GreenPower Program and have been a 100% accredited GreenPower customer for my household and in the workplace for approximately a decade. I successfully advocated for very large long term renewable electricity contract in the water industry to be with accredited GreenPower rather than buying and surrendering Renewable Electricity Certificates (RECs), because at the time GreenPower was superior to the '*RECs only*' approach and ensured national additionality in regard to Australia's Kyoto commitments.

In former roles including as a Principal Climate Change Advisor in the water sector, as Chief Executive of the Conservation Council of South Australia, as a member of the Premier's Climate Change Council (South Australia) and as a member of the Washington based Greenhouse Gas Protocol Working Group on Scope 2 Guidance, I have developed a comprehensive understanding of the legal, greenhouse and renewable energy accounting issues of the GreenPower Program. I served as a Research Assistant for the late Professor Stephen Schneider during his term as Thinker in Residence in Adelaide in 2006, and currently serve as a member of the Essential Services Commission of South Australia (ESCOSA) Consumer Advisory Committee. I have comprehensive knowledge of the interaction between GreenPower and the Renewable Energy (Electricity) Act (2000). I also have a comprehensive knowledge of how GreenPower is not integrated with Australia's National Greenhouse and Energy Reporting Framework and is not integrated with the National Carbon Offset Standard (2012) with any integrity.

The GreenPower Program is in dire need of legal, structural and governance reform and this comprehensive review is approximately a decade overdue. The National GreenPower Steering Group (NGPSG) has failed over many years to perform key functions under its charter such as "*Address and resolve strategic and policy issues as they arise*" and to support "*all stakeholders to participate in the growth and evolution of the National GreenPower Accreditation Program*" (Department of Industry & Investment NSW, 2014, p. 35).

Engagement by the NGPSG has been primarily to consult with industry whilst there have been no meaningful engagement forums dedicated to GreenPower customers and no effective GreenPower customer representation to have regular input into the NGPSG decision making. As a consequence of the lack of reform, the GreenPower Program has steadily lost customers and sales since 2009. It has taken six years of decline to even begin a comprehensive review process that would consider measures necessary to address this failure. However, even the Review Discussion Paper has ignored

the major legal, structural and accounting issues associated with the so called GreenPower ‘products’.

This submission responds to provide:

- Comment and feedback
- Recommendations for acknowledgement of issues and corrections
- Feedback on each of the consultation questions
- Additional recommendations on matters not addressed or ignored by this consultation paper.

## COMMENTS ON THE EXECUTIVE SUMMARY

The Executive Summary states that *“The aim of the Review is to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness”*. The statement masks that the GreenPower Program is operating in a severely crippled manner due to an absence of legal foundation in critical aspects and an inappropriate governance structure.

I am deeply concerned that the targeted consultation with stakeholders appears to have been undertaken in such a way as to dismiss the legal, greenhouse renewable energy accounting and allocation aspects. In this area, there is generally a poor knowledge base and if poor briefing of these aspects was provided to the selected stakeholders then the result would also reflect this lack of understanding.

Whilst the Discussion Paper reflects the NGPSG language that the program has changed to an industry funded model the more complete truth is that GreenPower is ultimately a customer funded model. This is an important clarification as the ‘industry funded model’ is used to justify substantial consultation and influence by industry, whilst there are no dedicated forums and processes dedicated for GreenPower customers.

## COMMENTS ON THE INTRODUCTION

The introduction states that *“Currently, GreenPower is governed by a National GreenPower Steering Group (NGPSG) with members from New South Wales, the Australian Capital Territory, Victoria, South Australia and Tasmania. The NSW Department of Trade and Investment (DTI) administer the scheme on behalf of the NGPSG”*. For most of the life of the GreenPower Program, the Federal Government also provided an observer member and this seems to have been omitted or else quietly stopped in recent times. It is important to acknowledge this participation, as it might be expected that the Federal Government acting even as an observer, should have helped to ensure that the GreenPower Program was well integrated with Federal Government policy and legislation. The poor integration however, means that representation alone is not sufficient. There is a much stronger case that state governments are not best placed to govern the GreenPower program and should give up this role for the Federal Government that makes legislation to have ultimate responsibility for the success of GreenPower.

## Comments on 1.2 Reviewing the GreenPower Program

In describing the consultation to date towards preparing the Discussion Paper there are concerns about the range of participants that have been involved. As always, the opportunity for electricity generators has been strong, and the opportunity for GreenPower customers to participate was weak. It is not clear from the Discussion Paper how many of the six focus groups with residential and commercial customers and non-customers were actually GreenPower customers, nor is it clear on number and proportion were 100% GreenPower customers.

It must also be recognised that some these generators have a vested interest in keeping the renewable energy sector subdued and controlled. Several of these generators have large and even

larger fossil fuel interests and are unlikely to ever support reforms that would enable GreenPower to reach its full potential. It is reasonable to question why large ‘gentailers’ that have openly campaigned to reduce the Renewable Energy Target of 41,000 GWh by 2020 to the so called ‘real 20%’ (around 26,000 GWh), would be given the opportunity to influence the GreenPower Review Discussion Paper.

In contrast, after 17 years of the operation of the GreenPower Program there is still no dedicated representation for true GreenPower customers. Certainly the NGPSG have been asked to assist in creating and supporting a GreenPower customer group over many years but nothing has happened.

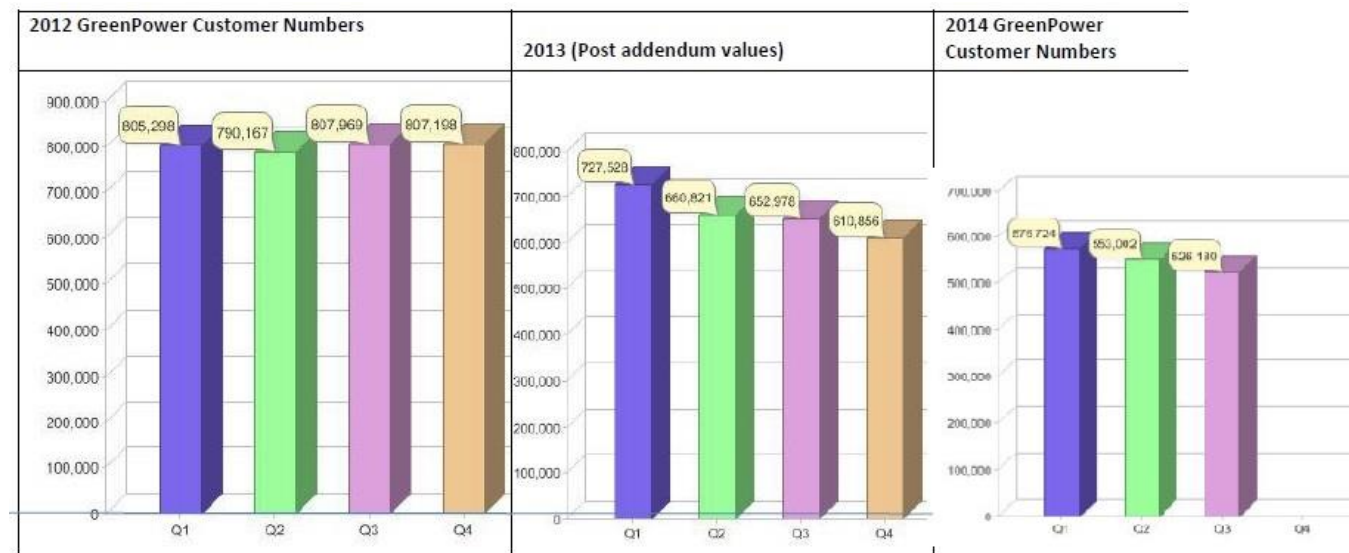
### Comments on 2.2 Installation of new renewable energy

Figure 1 of the Discussion Paper demonstrates the failure of governance and reform in Australia that has led to a collapse of both customer numbers and sales. In fact the situation is much worse than this as GreenPower electricity sales shown in the Discussion Paper, because numbers have continued to plummet over the last two years.

### Comments on 2.3 Growth in consumer demand for renewable energy

The NGPSG do not maintain a continuous chart of customer numbers and sales that the general public or customers can access. For those that care about GreenPower, we are forced to stitch together graph segments from quarterly reports (see graph montage from different quarterly and annual reports) or try to sift through years of annual audit reports to try to pull out numbers. The graphs shown in quarterly and annual reports are for short periods only, masking progress and failings of the GreenPower program over the longer term.

**Figure 1 Montage of graphs stitched together from GreenPower Reports showing continued decline of customer numbers since 2014**



#### Recommendation 1

The GreenPower reporting processes should provide tabulated data on customer numbers and sales from 1997 to the current year. A continuous chart of customer numbers and sales from 1997 to the most recent yearly quarter should also be maintained on the website for all stakeholders to be able to see actual progress of the program.

Dressing up the collapse of both GreenPower sales and customer numbers as anything other than a significant failure of the program is unacceptable. It is clear that 2014 data will show a further loss of approximately 100,000 customers following massive losses across the end of 2012 and throughout 2013.

### Comments on 2.4 Consumer choice and confidence

This section ignores the key aspect that GreenPower does not provide a true product to customers. The GreenPower Program Rules refer to ‘GreenPower products’ (Department of Industry & Investment NSW, 2014), yet in any legal sense, GreenPower does not provide attributes that are allocated to the paying GreenPower customer.

- *Reduced scope 2 emissions* are allocated across all customers using average grid factors under the national Greenhouse and Energy Reporting Framework and no other methods are accepted by this framework. Guidance to claim reduced or zero scope 2 emissions outside of legislation and standards, simply creates double counting and double claims.
- *Renewable Energy Use* is not legally allocated to the GreenPower Paying Customer and is claimed by the state in which the generation occurs via the NGER Framework and NGA Factors publication.
- GreenPower customers did not receive any entitlement under the Carbon Pricing Mechanism whilst it was in place and were liable for full carbon pass through costs.
- The Renewable Energy (Electricity) Act 2000 specifies how renewable energy certificates are created but does not assign and entitlement of renewable energy use or reduced emissions to a certificate. They are proof of generation records only.

Whilst referring to GreenPower as ‘products’ frequently, the Program Rules also refer to GreenPower as a ‘tariff’, which can be strongly argued has a different meaning. GreenPower is in any legal sense a tariff only and is not linked to any attributes or products allocated to GreenPower customers.

GreenPower works as a type of donation framework for concerned customers like me to pay for additional renewable energy to be created and allocated to all others. For many years I have requested that NGPSG, state and federal agencies and oversight bodies stop the misleading and contradictory statements made in their published material but it continues. A further explanation of the legal shortcomings of the GreenPower program is provided as Appendix 1.

Whilst the NGPSG, Australian Energy Regulator and ACCC claim to disagree with these concerns, they have never provided any legal justification for their positions. The NGPSG in referring to GreenPower as a product, claim to have internal legal advice that they are not misleading consumers and creating double counting in their marketing GreenPower, but this advice is not made available or public. The NGPSG claim that *“In accordance with the Australian Taxation Office and legal advice sought in house, GreenPower cannot be claimed as a donation, hence claiming to be a donation would be misleading”* Such a response does not address the actual concerns. After checking with the Australian Taxation Office it was confirmed that the ATO has not ever considered nor made a determination on GreenPower as either a product or a donation so without some a legal underpinning it is neither.

#### Recommendation 2

A) The NGPSG should release all their legal advice in relation to the following:

- GreenPower being a product
- Double counting issues
- Legal allocation of attributes of renewable energy use and reduced emissions

B) Section 8.1 of the GreenPower Marketing Guidelines which reads *“8.2 Carbon claims may*

*refer to the individuals or entities reduction in emission intensity of their electricity consumption” should be deleted, unless there is legal reform.*

- C) If there are no reforms to legislation, standards and accounting frameworks, remove all references to GreenPower as a “product” and consistently refer to GreenPower only as a tariff

### **GreenPower is not an alternative electricity product**

GreenPower does not yet work as a choice for retail customers. The way GreenPower offers are structured, GreenPower continues as a penalty paid above the cost of electricity. Whilst the cost of producing renewable electricity has substantially fallen over the last decade, the GreenPower premium has remained virtually static at around 5.5 to 6 c/kWh plus GST. Under the current structure of GreenPower products, even if the cost of producing accredited renewable energy fell to half the cost of producing fossil fuelled electricity, GreenPower customers would pay more for a so called ‘product’ that contractually does not allocate any attributes to the GreenPower customer.

### **Loss of confidence demonstrated by State Governments – Members of the NGPSG**

The SA Government does not see value for money in GreenPower and undermines GreenPower.

The South Australian Government which is a full member of the National GreenPower Steering Committee has also demonstrated that it does see value for money in GreenPower Products.

In the 2012 SA Mid-Year Budget Review, the South Australian deferred its commitment for 50% GreenPower by 2014, based on the following justification:

*“This measure defers the requirement for the government to purchase half of its electricity supplies from green power in future electricity contracts as the introduction of the carbon tax has provided incentive for clean emission electricity purchases. Contracts will be assessed on overall value for money” (Government of South Australia, 2014, p. 32)*

The statement implies that GreenPower does not provide value for money, and incorrectly uses carbon pricing as justification, ignoring also that GreenPower was always planned to be additional to Australia’s international commitments

Subsequently in the 2013/14 SA Budget, no provision was made for any return of GreenPower purchasing - ever. The State Government simply provided the following narrative of the wind up of existing contractual obligations:

*“% of government renewable energy purchase In December 2012 the mid-year budget review noted that in 2014–15, the government’s minimum GreenPower purchase requirement would be deferred. Shared Services SA has advised that the 20% GreenPower purchase will continue in the small market electricity contract until the end of the contract on 31 December 2013, after which it will cease. For the large market electricity contract, the 20% GreenPower purchase will continue until 30 June 2014. It will then increase to 50% GreenPower purchase until the end of the contract on 31 December 2014, after which it will cease” (Government of South Australia, 2013, p. 122).*

Since January, 2015, the South Australian Government is buying zero% GreenPower and has no budget provision to purchase any in future. When asked about the Government’s broken Strategic Plan commitment, the SA Minister for the Environment responded citing a confidential Government Commissioned KPMG Review:

*“The KPMG review indicated that future purchases of green power would not provide a good value for money approach to emissions reduction and that future climate change action should be designed to be eligible for funding under the commonwealth Emissions Reduction Fund” (Hansard, 2014)*

So if the South Australian Government as a key participant of the National GreenPower Steering Committee, and as an electricity customer for approximately 470,000,000 kWh per year is not prepared to advocate favourably for GreenPower, does not see it as providing value for money and is no longer prepared to buy a single kWh of GreenPower, then this reflects a much deeper crisis in customer confidence in the GreenPower Program.

#### The ACT Government drops its GreenPower commitment to 5%

Similarly, the ACT Government has reduced its commitment to GreenPower, seeking to purchase below the minimum proportion demanded of other GreenPower customers.

*“a) In 2012 the government agreed to temporarily suspend its 37.5% GreenPower target and reduce this commitment to 5% until 2018 19. As a consequence, freed-up funding was re-directed to the government's Carbon Neutral Loan Fund to fund energy efficiency projects under the Carbon Neutral ACT Government Framework.*

*b) It was determined that the funding allocated to annual GreenPower purchases would be more effectively utilised in maximising energy efficiency and long term cost saving opportunities in government buildings and operations in the first instance, before a further decision was made to purchase GreenPower, or another form of carbon offset, to meet the government's target of carbon neutrality by 2020. The government is of the opinion that this change of focus from purchasing offsets to energy efficiency savings represents better value for money from the allocated funding.” (Hansard, 2015, p. 340)*

It is noted that the ACT Government is committed to GreenPower in meeting its ambitious 90% Renewable Energy target<sup>1</sup> for the Territory by 2020. However, the commitments are inconsistent and do not undo the ‘no confidence’ type of decision being made about GreenPower in its current form.

#### NSW Government purchases just 6% Renewables

In its Progressing the NSW Renewable Energy Action Plan Annual Report (2014), the NSW Government identifies that its general government agencies are required to purchase just 6% GreenPower, which is also below the 10% minimum required of other customers to participate in the Program.

#### Conclusion regarding customer choice and confidence

The general tone of the Discussion Paper is to skip across the significant issues such as the causes of poor value for money, no real choice and little confidence, rather than to address them head on and in detail, in order for necessary reforms to start.

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<sup>1</sup> [http://www.environment.act.gov.au/energy/90\\_percent\\_renewable](http://www.environment.act.gov.au/energy/90_percent_renewable)



### **Recommendation 3**

The Review should not skip across significant issues that are barely mentioned or not mentioned. The Review should acknowledge and address crisis in confidence in GreenPower integrity, value for money, product definition allocation of attributes.

### **Comments on 2.5 Consumer awareness of renewable energy and greenhouse issues**

It is agreed that consumer awareness is low. This reflects the poor standard of integrity and information provided to consumers to describe what the GreenPower program is and is not. Much of the language used to inform stakeholders about GreenPower is designed to mask over the failure of the Program to have an adequate legal foundation and is therefore riddled with cryptic language and inconsistencies. This Discussion Paper continues to make the situation impossible for stakeholders and particularly consumer to be aware of renewable energy and greenhouse issues in regard to GreenPower.

The fact that GreenPower is not adequately integrated with Federal Government policy means that there is little in the way of assistance by the federal government for promotion of GreenPower issues and awareness. Without reform, re-branding or a new burst of promotions will not help.

### **Comments on 2.6 Decrease greenhouse gas emissions**

The NGPSG and Institute of Sustainable Futures should not trivialise the role of GreenPower as “small but valuable”. In the recent past, household solar PV systems were dismissed by the energy companies and regulators as being largely insignificant on the overall management of the National Electricity Market. Now as nearly a quarter of Australia’s households have voluntarily installed household PV systems, it is changing all previous assumptions about the future of the NEM.

Similarly, reforms of GreenPower, NGER and the RET legislation could revolutionise GreenPower as a true choice for the retail market to respond to the falling cost of producing renewables. With these reforms, GreenPower would become one of the most powerful emission reduction programs in Australia. It would create customer pull for renewables rather than simply relying on the market push mechanism of the RET. It would also create the conditions for customers to willingly stay on the grid rather than looking towards stand-alone systems that would continue the death spiral feared by the grid based electricity sector.

In the context of continuous rising grid electricity prices, the NGPSG and Institute of Sustainable futures should consider three crucial aspects of the following question:

1. **If** GreenPower cannot provide a true contractual market choice
2. **If** GreenPower cannot provide value for money for customers and continues to be a penalty above electricity costs
3. **If** competition of stand-alone systems with battery storage continues to fall

**Then why would environmentally minded customers stay on the grid?**

## **Addressing common arguments that there is not a problem, or that if there is, it cannot be fixed**

### **The REC/LGC Retirement ‘Red Herring’ argument**

**Argument** *As one LGC is retired for every MWh created and cannot then be sold on the market, double counting is prevented*

**Response** ...Double counting of LGCs is just one on many potential and actual areas of double counting. The retirement of LGCs via the GreenPower Program does not prevent the attributes of reduced emissions and renewable energy use being allocated across all customers via the state grid factors and values printed on electricity bills. Section 8.2 of the GreenPower Marketing Guidelines (2012), creates the double count.

### **The ‘It is not possible to trace individual electrons argument’**

**Argument** *As it is not possible to separate the electrons from renewable and non-renewable sources so it is not possible to allocate renewable energy to a particular customer.*

**Response** Just as accounting frameworks and metering are used to allocate bills to customers from different retailers it is possible for contractual based accounting to be used in retail electricity markets to allocate scope 2 and 3 emissions, emissions reduction and use of renewables to different customers.

The issue is about accounting and allocation within a legal framework, not chasing individual electrons. There are many options to begin reform and establish integrity for the GreenPower Program

### **The ‘It doesn’t matter argument’**

**Argument** *The accounting doesn’t matter so long as overall emissions are reduced*

**Response** If GreenPower is to be used to offset electricity emissions (despite the National Carbon Offset Standard not including GreenPower as an offset), there is a fundamental requirement for the benefit not to be allocated to all other customers in order to have integrity.

The consequential impacts of using GreenPower to offset electricity emissions is that GreenPower:

- can never be regarded as a renewable electricity product
- can never be regarded as a renewable energy choice
- will always be more expensive than grid electricity, as a penalty, even when the cost of producing renewables fall beneath the cost of producing fossil fuel based electricity.

If participants in Australia’s electricity market (states and businesses) could not claim a free ride, they may take more meaningful action.



### 3 THE CHANGING CONTEXT FOR GREENPOWER

#### Comments on 3.1 Public policy

The Discussion Paper provides an inward looking perspective of GreenPower and public policy. It does not consider GreenPower as part of the broader international movements for Green Power and accredited renewable energy programs. The Discussion Paper does not address the significant efforts and progress made by the Greenhouse Gas Protocol in addressing the challenges of double counting, allocation of attributes and clarity of product disclosure.

The GHG Protocol scope 2 Guidance released in January 2015 (and available in draft forms since early 2014) have an important impact on Australia's GreenPower Program. For those businesses producing WRI sustainability reports, they will only be able to report state grid emissions associated with their electricity purposes or risk non-compliance with WRI reporting standards. For businesses making claims about renewable energy, the new GHG Protocol Scope 2 Guidance requires a dual reporting process. The first report is based on the local (state) based average emissions factor. For a claim of reduce emissions to occur, the GHG Scope 2 Guidance also requires the use of a residual mix factor that nets out all purchased green power to prevent dilution and double counting. Australia does not currently publish residual mix factors in the NGA Factors accounts publication so businesses will be forced to provide an embarrassing disclaimer to comply. The requirement of the Scope 2 Guidance reads:

*If a residual mix is not currently available, reporters shall note that an adjusted emissions factor is not available or has not been estimated to account for voluntary purchases and this may result in double counting between electricity consumers (World Resources Institute, 2015, p. 60).*

For many businesses that report against the International WRI Sustainability Reporting protocols and the GHG Protocol and guidelines, Australia's current public policy and legal frameworks will be inadequate. Whilst Australia may ignore double counting and the absence of a legislative framework to adequately underpin GreenPower, the issues are acknowledged internationally and small steps have been taken elsewhere to make improvements.

On occasions, policy uncertainty over mandatory renewable energy and carbon pricing have been inappropriately used as excuses to delay GreenPower reforms and this review.

#### **Recommendation 4**

The National GreenPower Steering Committee should be leading and advocating for reforms across jurisdictions and promoting its advocacy in a public manner rather than operating in closed meetings behind closed doors

#### Comments on 3.2 Customer priorities

##### **Rising electricity prices**

The Discussion Paper does not acknowledge that a key area of customer concern is the failure of GreenPower to provide a falling renewable energy price as the cost of producing renewable energy falls.

#### **Recommendation 5**

The Review must consider how to change the structure of GreenPower provided to consumers so that it becomes a product choice that is independent of grid mix electricity

pricing. Retail renewables will not succeed if they remain as an extra penalty on grid electricity, particularly when renewables become cheaper than fossil fuels.

### **Climate change fatigue**

Not relevant to the need for reform

### **Product ignorance**

Agreed – Such ignorance starts with the National GreenPower Steering Group and across Government Agencies and regulators that fail to properly describe what GreenPower is, what it is not, and the related legal and accounting shortcomings.

### **Local and tangible**

The section demonstrates poor context of the role of household renewable systems. Whilst some households may have installed PV and renewable systems for purely financial reasons, the vast majority also do this to play a part in reducing emissions, to increase renewables, to reduce pollution and thereby to help progress towards a better environment and sustainable future. For these households there is ample potential to stay on the grid to avoid the cost of battery systems and to optimise reliability. For these customers, there is also a willingness to consider being a GreenPower customer to cover net imports of electricity with renewable electricity.

The GreenPower Review should not just be a narrative about the loss of many of customers once they install household systems, it should actively seek reforms to provide value for money GreenPower products and strategies to keep these customers. In my case, I have stayed as a 100% GreenPower customer for a household where we have installed solar panels.

### **Consumer trust**

It is agreed that consumer trust is low, but for many more reasons than those presented in the Discussion Paper.

Consumer trust is low because:

- GreenPower does not have an adequate legal foundation
- GreenPower does not contractually allocate any renewable attributes to the GreenPower electricity customer (no reduced emissions and no renewable energy use)
- When incorrectly promoted, marketed or guided, by the NGPSG GreenPower is double counted, being allocated across all customers and claimed by the GreenPower customer as well.
- State government support and endorsement has diminished, as demonstrated most vividly by the South Australian Government that does not see value for money in GreenPower and have ceased all purchasing of GreenPower.
- There is no GreenPower customer representation to the NGPSG
- The Governance Framework of GreenPower and the secretive nature of the NGPSG creates a barrier to reform processes.
- 100% GreenPower customers were liable for full carbon pass through costs during the carbon pricing mechanism

- 100% GreenPower customers are required to pay for more than 100% renewable electricity (120 to 127% by 2020 at this stage).

## Market diversity

It is agreed that there is market diversity. However there no evidence to suggest that organisations such as the Australian Energy Regulator (AER) or the Australian Energy Market Commission actually consider that GreenPower is a genuine part of Australia's National Electricity Markets.

In its Final Report on Best Practice Market Review (Australian Energy Market Commission, 2013), the AEMC demonstrates the general sense of disregard towards building competition and fairness in sustainability programs such as renewable electricity into the retail electricity market.

*“The AEMC considers that the matters relating to sustainability are beyond the AEMC's remit, and so are not discussed in this review. These are policy matters and so best dealt with by the Commonwealth and jurisdictional governments” (AEMC, 2015, p. 13).*

And

*“Current regulated retail prices do not impose obligations on retailers to offer GreenPower, or specify how GreenPower should be priced. In providing this advice, the Commission has focussed on the most common types of products covered by retail price regulation, and so has not considered the less common elements such as GreenPower”. (AEMC 2015, p.92).*

It is therefore important for the review to focus on reforms that first create the integrity and value for money of GreenPower, and then seek to elevate the concept to be considered as a real part of the electricity retail market, before there can be any consideration of diversity

## Comments on 3.3 The energy and carbon abatement marketplace

### The rise of Solar PV

It is true that solar PV systems have increased far more than the Government and electricity regulators anticipated, showing how willing consumers will respond to favourable policy settings.

The scale of the potential market available for household, commercial and industrial customers to embrace GreenPower is also much larger than the *less than one percent* of the market that currently make up GreenPower customers.

Further research is required to determine whether the lack of consumer confidence in the integrity and value for money of GreenPower, also plays a key part in why a large proportion of residential customers that do not continue with GreenPower once they have installed household PV systems.

Research is also required to understand why commercial and industrial customers are not buying Greenpower. For the larger commercial and the big industrial customers there is less opportunity for onsite renewables and the reasoning for not taking up GreenPower is more likely to be related to cost, integrity and value for money.

### **Retail electricity competition**

It is agreed that accessing good information about electricity options and products is difficult. In fact it is extremely convoluted and arguably almost impossible for a sustainability minded customer to make an informed decision. The Australian Energy Regulator does not assist in this in the way that their view of competition does not reflect broader sustainability performance of suppliers. When GreenPower customers seek to use the Energy Made easy website, there is no way to ascertain for example, if the provider is committed to renewable energy, or instead actively campaigning to constrain, reduce or potentially abolish the Renewable Energy Target. Furthermore the Energy Made Easy website does not inform customers whether a supplier is also a renewable energy generator or merely a retailer for GreenPower.

One of the most disturbing aspects of Energy Made Easy<sup>2</sup>, is that a customer seeking to consider a GreenPower offer is provided with 10% GreenPower options by default, rather than being invited to key in an intended percentage. A more proactive NGPSG would have advocated to change this barrier years ago. Instead, after several years of private lobbying a revised approach is still not in place.

To fill the gap in sustainability knowledge for an informed decision, it is necessary for electricity customers to consider company performance under the Greenpeace Green Electricity Guide<sup>3</sup>. If this review was concerned about improving information for informed decision making then it would advocate that Energy Made Easy either link to or be amalgamated with Green Electricity Guide information.

GreenPower can and should be able to be a part of any grid connected “crowdfunding”, direct power purchase agreements, large commercial customer rates, on-site solar/solar leasing, community scale solar and direct investment in renewables. Unfortunately until there are reforms in the legal foundation of GreenPower, NGER accounting and in allocating attributes, none of these approaches can easily be undertaken in a way that maintains integrity, fairness and prevents double counting.

### **Falling electricity demand**

Agree, “*Falling electricity demand does not explain reductions in GreenPower customer numbers that have occurred over the same period*”. A loss of confidence in the integrity of the GreenPower Framework and its governance are also part of the explanation of falling GreenPower sales and customer numbers.

### **Competing products**

The Discussion Paper does not acknowledge the major comparable competition of GreenPower in Australia which is the voluntary surrender of LGCs directly to the Clean Energy Regulator (CER). Until now, governments have assured that GreenPower would be additional to Australia’s international commitments whereas there is no such assurance

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<sup>2</sup> <https://www.energymadeeasy.gov.au/>

<sup>3</sup> <http://www.greenpeace.org/australia/en/what-we-do/climate/The-Green-Electricity-Guide/>

when surrendering LGCs directly to the CER. This unnecessary and careless competition should have been resolved years ago with simple policy changes such as the Clean Energy Regulator treating all surrendered LGCs the same as GreenPower LGCs to be additional to or a separate part of achieving international requirements.

It is agreed that carbon offsets are also competition, often cited as the reason as to why GreenPower is not a cost effective mitigation, yet this comparison is often unfair in the following ways:

- The cheapest priced accredited carbon offsets currently available are used to compare with the price of renewables, even where the availability of carbon offsets at this price may be severely limited. The challenge is to deal with approximately 193 million tonnes CO<sub>2</sub>-e<sup>4</sup> from the electricity sector and renewable energy can achieve this at falling costs. For the alternative approach to achieve 193 million tonnes of carbon offsets each year would be completely unrealistic and if attempted, the price of offsets would skyrocket.
- The way that renewable energy is incorporated into state grid factors also means that there is unfair recognition of GreenPower achievements in comparison with falling grid factors as renewables are effectively devaluing themselves. When South Australia's grid factor was 1.186 tonnes CO<sub>2</sub>-e/MWh (full fuel cycle combined scope 2 and 3) in 2003, a MWh of GreenPower would supposedly avoid 1,186 tonnes CO<sub>2</sub>-e. In 2015, purchasing the same amount of GreenPower supposedly prevents around half of the amount it once did. In Tasmania, which has more than 90% renewable energy, purchasing GreenPower as a greenhouse mitigation option becomes unjustifiable if Australia's state based emission factors and accounting frameworks are accepted. It is little wonder then that despite Tasmania having a large amount of post 1990 GreenPower eligible wind power generation, that the state only had 36 GreenPower customers in the 3<sup>rd</sup> quarter of 2014.

#### Mandatory versus voluntary – Tangled policies

Another aspect of competition is mandatory versus voluntary renewables. When the RET was created it was based around a mandatory renewable Energy Target of 9500 GWh of additional post 1990 renewable energy by 2010, followed by increasing this to an additional 45,000 GWh by 2020. Sadly however, the Federal Government carelessly tangled voluntary action with mandatory requirements against warnings provided in RET consultation to the and to Government. For example, the Senate Economics Legislation Committee noted my concern in 2009 that:

*“The Committee should recommend that this Bill mandate full disclosure in RECs transactions such that householders are properly advised that when they sign across RECs or Solar Credits they are displacing other renewables already required by law, achieving zero additional renewable energy and zero reduced emissions for Australia” (Commonwealth of Australia, 2009, p.32).*

The federal government through its solar credits multiplier then made the situation much worse. Initially starting at 5 RECs per MWh created, displaced 5 MWh of renewable energy already required for every MWh deemed in these systems. Almost immediately following the start of the multiplier, a flood of RECs from voluntary household systems began to cause

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<sup>4</sup> 2012 National Inventory Data <http://ageis.climatechange.gov.au/#>

a collapse of the REC price. Before too long, investment in large scale electricity was being stalled. The Federal Government responded with a band aid fix to reduce the target for large scale renewables to 41,000 GWh creating the Large Scale Renewable Energy Target and it also created the uncapped Small Scale Renewable Energy Scheme (SRES). From this point on, voluntary renewables have continued to be tangled with large scale mandatory renewables because of the reference to 20% (despite 41,000 GWh being assured and a minimum 4,000 GWh SRES being assured by 2020).

More recently, two particularly nasty aspects of the Warburton Renewable Energy Target Review emerged:

1. If the RET is reduced in any way or to the so called “*Real 20%*” then this percentage includes both mandatory and voluntary renewables and would make 5 years of voluntary efforts by all GreenPower customers futile. This would potentially erode confidence in the GreenPower Program to unmanageable levels. I will be asking for compensation of my displaced effort.
2. If the Warburton Review recommendation to include voluntary GreenPower in any future target is successful, then this would extinguish any hope of GreenPower continuing in Australia

#### **Recommendation 6**

The GreenPower Review must address all aspects of fair and unfair comparisons of competing products and interactions with mandatory renewable energy programs including volumetric GWh targets and percentage targets

### **Comments on 3.4 Summary**

There is such a backlog of issues to deal with that it is fanciful for the Discussion Paper to state that that “The Program has adapted over time to this changing environment” (Riedy, et al., 2014, p. 15)

Some aspects of the market environment have changed since 1997. Fewer aspects have changed since 2000, after the RET legislation became established. Sadly however, the program has not adapted in a timely manner to deal with the need for legislation, accounting structural and governance reform. GreenPower reforms did not take place in readiness for the Carbon Pricing Mechanism and the Program lost many customers in attempting to explain conflicting and contradictory messages. If the same approach by the NGPSG continues, it is unlikely that the GreenPower Program will be ready for the possible re-introduction of carbon pricing in future years.

Please note that it can be offensive to GreenPower customers to simply state that GreenPower is an industry funded model when it is ultimately a customer funded model.

### **COMMENTS ON 4 INTERACTION WITH OTHER PROGRAMS**

#### **Comments on 4.1 The Renewable Energy Target**

It is because GreenPower uses Renewable Energy Certificates (subsequently divided into Large Scale Certificates (LGCs) and Small Scale Renewable Energy Scheme (SRES) Certificates) as a basis for renewables accounting in the program that there must be reforms to the Renewable Energy (Electricity) Act (2000) (R.E. Act) as part of establishing integrity to the GreenPower Program.



Under the R.E. Act, there is no description of any attributes of LGCs. All that is described is how they are created. This means that there is no way to contractually transfer ownership of reduced emissions or ownership of use of renewable energy or any other attribute with the sale of GreenPower. LGCs are a proof of generation document only and beyond that, they have no meaning.

In other countries however, REC certificates are increasingly been defined to include all environmental attributes. For Example, The Green E standard requires that:

*“Green-e Energy certified MWh (electricity or REC) must contain all the greenhouse gas (GHG) emission reduction benefits, including carbon dioxide (CO2) reduction benefits, associated with the MWh of renewable electricity when it was generated”* (Center for Resource Solutions, 2014, p. 10).

Legally incorporating attributes this must also happen in Australia if there is to be a genuine customer renewables market.

### **Recommendation 6**

There must be reforms of Australia’s Renewable Energy (Electricity) Act 2000 to describe and incorporate attributes of renewable energy and entitlements to contractually claim lower emissions in order for a genuine customer renewables market in Australia.

The Review should address why Australia so backward in making reforms such as to incorporate emission reduction and renewable energy use into LGCs.

## **Comments On 4.2 Emission Reduction Fund**

The issue of additionality and complementarity to Australia’s former carbon pricing system and international targets can be portrayed as extremely complex and is a barrier to many good initiatives. Whilst I have written a paper<sup>5</sup> on this particular topic in 2012, there are three simple decisions to be made.

### **Decision 1 Governments must decide whether they wish to destroy meaningful emission reduction and renewable activities to rely solely on mandated caps.**

If Governments define tangible and practical activities that reduce emissions as non-additional (such as buying GreenPower) then they render these activities as futile.

### **Decision 2 Governments must decide whether they wish co-existence of voluntary and mandatory greenhouse and renewable energy programs**

To achieve coexistence of voluntary and mandatory programs, Governments must describe minimum mandatory requirements and aspirational goals and objectives for people to contribute their efforts and even exceed expectations

When making international commitments, Government should also outline how much will be achieved through mandatory requirements and regulation, as well as what might be achieved through voluntary action in contributing to an overall National Target.

<sup>5</sup> <http://www.adelaidehillsclimateaction.org/ahcag-articles/74-tim-kellys-additionality-and-complimentarity-of-climate-change-mitigation-policies-and-programs.html>

### **Decision 3 Governments must decide to check policies that might result in displacement of existing effort.**

For example the creation of the 5x REC Multiplier initially displaced 5 MWh of renewables required for every MWh of voluntary renewables created.

The role of the NGPSG must be to stand up and advocate for good renewables policy in a public and transparent manner.

#### **Recommendation 7**

The GreenPower Review should describe principles for the NGPSC to advocate for, and participate in, renewable energy policy reform in a public and transparent manner. This would transform the NGPSG from being focussed on what might happen in national policy development towards being an effective advocate for policy reform and the outcomes that would benefit GreenPower customers. Only then, will there be opportunity for GreenPower to have a meaningful place in programs such as the Emissions Reduction Fund.

### **Comments On 4.3 The National Carbon Offset Standard**

As described in Appendix 1, it is absolutely false to state that “Under NCOS, purchases of GreenPower are treated as a zero emissions electricity source and therefore may be used to help achieve certification under the Carbon Neutral Program”. The National Carbon Offset Standard (2012) does not mention GreenPower or renewable energy at all. There is no provision under the NCOS to claim reduced emissions from GreenPower in any way.

What the Federal Government has done, is to sneakily provide guidelines in the name of the Standard to advise customers and those seeking to use renewable energy to claim renewables towards carbon neutrality in complete contradiction to legislation. The guidelines are completely outside the scope of the NCOS. In this way, there is no scrutiny of GreenPower by the Domestic Offsets Integrity Committee which would test the integrity of GreenPower to identify its legal and accounting shortcomings.

#### **Recommendation 8**

This Review should identify that GreenPower is not covered by the NCOS and make recommendations that the GreenPower Program is reformed and covered by a national legal framework and standard

RE: “Purchase and surrender LGCs from GreenPower Generators directly under NCOS”, See comments and recommendation made under ‘Competing Products’.

### **Case Study – ACT Reverse Auction contract for GreenPower**

Double Counting occurs with every MWh of Accredited GreenPower as it is allocated across all grid customers and typically claimed by the consumer.

The ACT Government has held a reverse auction for the supply of renewable energy towards achieving its 90% Renewable Energy Target - contributing to a 40% reduction in greenhouse gas emissions by 2020<sup>6</sup>. A project to provide much of the renewable energy has been won in South Australia.

<sup>6</sup> [http://www.environment.act.gov.au/\\_\\_data/assets/pdf\\_file/0004/581701/Renewable-energy-brochure\\_ACCESS.pdf](http://www.environment.act.gov.au/__data/assets/pdf_file/0004/581701/Renewable-energy-brochure_ACCESS.pdf)

From South Australia's perspective, the State's Energy Minister stated that "This project will contribute to South Australia's \$10 billion low carbon investment target as well as the 50 per cent renewable energy target, both to be achieved by 2025<sup>7</sup>".

Legally, South Australia can claim that the renewable electricity for this project is generated and consumed in South Australia, as it is allocated across all South Australian electricity consumers via the state average grid factor.

The ACT Government has no legal foundation to claim the use of the renewables or reductions in emissions in the ACT.

The AC Government could claim as the discussion paper suggests in its proposed new aims to "support" or "contribute" to renewable energy only. To suggest anything more is a double count. There is no reduction in emissions legally allocated to the ACT and no greater use of renewables in the ACT or by the ACT as a result of the contractual process for renewable electricity produced in South Australia.

Again, the National Carbon Offset Standard<sup>8</sup> document does not mention GreenPower or Renewable energy.

#### **4.4 A note on additionality**

See comments made under section on Emission Reduction Fund

### **COMMENTS ON - 5 CURRENT DESIGN OF THE GREENPOWER PROGRAM**

#### **5.1 Governance**

The Governance arrangements of the GreenPower Program have been a total failure as evidenced by the long term fall on customer numbers and sales over six years with a comprehensive review only now beginning provide opportunity for input by customers and the public.

Further evidence of the governance failure is that it has been impossible to participate in genuine discussion on reforms. Typically any serious attempt for reform there is an equally determined pushback from the NGPSG, state and federal agencies. It goes like this:

- When there are serious issues identified in a culture of denial which would currently require cross jurisdictional reforms, the NGPSG can say that it is the Federal Government that make the legislation and accounting rules.
- When the Federal Government is approached, they have no direct interest in GreenPower customers and simply say that GreenPower is a state based program and they don't make the rules.
- The AER does not have jurisdiction over GreenPower.
- The ACCC do not respond directly to the issues raised about the legal or accounting integrity of GreenPower, and when challenged to provide a response they have misrepresented concerns they blocked all communications on any further discussion on any aspect of renewables.

<sup>7</sup> <http://www.theleadsouthaustralia.com.au/industries/mining-resources/south-australia-to-sell-wind-power-to-australian-capital-territory/>

<sup>8</sup> <http://www.environment.gov.au/system/files/resources/df25b040-24ce-4066-853b-a4ef2dd8c4fb/files/nationalcarbonoffsetstandard-v2-20120628-pdf.pdf>

In almost ten years of seeking reforms, no significant progress has been made to deal with the absence of a legal framework, and integration with national greenhouse and energy accounting standards.

A framework for routine consultation with GreenPower customers has not been supported by the NGPSG. Limited annual consultation on the Program Rules is tokenistic on small minor changes that are suggested. There is virtually no opportunity for any feedback on substantial issues beyond suggested changes that to result in reform as these are treated as out of scope.

### **Potential conflicts of interest**

- State Governments have a potential conflict of interest when justifying poor purchasing and participation in the Program in order to reduce costs. There is a potential to fail to promote or undermine the GreenPower Program in order to create additional justification for any decisions to reduce or abandon renewable energy commitments for government operations
- The Government members on the NGPSG that prevent increasing the minimum GreenPower component above 10%, have also represented state jurisdictions that seek to purchase less than 10% GreenPower
- Fossil fuel generators that participate in the GreenPower program consultation have a potential conflict of interest to preserve their fossil fuel business component of sales. There is potential for advice from these sectors to be influenced towards constraining the growth and success of GreenPower and how it works.

### **Recommendation 9**

The GreenPower Review should aim for a Governance structure that is primarily about providing integrity, acting in the best interests of GreenPower customers, and integrating with the Federal Government frameworks for reform.

### **Comments on 5.2 Funding**

As previously stated, GreenPower is ultimately funded by GreenPower customers. To only recognise industry funding suggests that industry has a greater right to access to discussions and forums for influence, than GreenPower customers that actually bear the full cost.

### **Comments on 5.3 Marketing and promotions**

Further efforts on GreenPower marketing and promotions should not be considered until the necessary reforms to create a legal foundation, accounting reform and integrity of GreenPower. Minimal third party endorsement and advocacy for GreenPower, lack of policy certainty and poor transparency are actually symptoms of much deeper problems that cannot be masked with greenwash.

If GreenPower is not actually a product with any attributes, then the marketing must change to reflect this. Cryptic contradictory marketing guidelines must be cleaned up.

The GreenPower Marketing Guidelines (2012, p. 5) Section “8.2 *Carbon claims may refer to the individuals or entities reduction in emission intensity of their electricity consumption*” guide customers to claim emission reductions for their activities in contradiction to Australia’s legal frameworks, NGER Determination and sit outside the NCOS and other Standards. This section should be deleted. GreenPower has no mechanism to be allocated to GreenPower customers or

their activities. GreenPower has no legal mechanism to be allocated towards the Green Star Performance Rating Tool.

However, if reforms did enable a GreenPower to become a contractually based product for customers to buy the legal claim for contractual lower emissions and renewable energy use without double counting then the GreenPower brand would flourish.

It is important to note that GreenPower is part of an international movement of green power programs and for this reason the name should not change.

### **Comments on 5.4 Program Rules**

The GreenPower Program rules describe GreenPower products without being open and transparent that these so called products do not provide any attributes to the GreenPower paying customer.

Much of the language on the GreenPower website has replaced earlier messaging that customers could buy renewable energy, yet fundamental contradictions remain. The Program Rules Combined with the GreenPower Marketing Guidelines lead customers to treat GreenPower as something more than it is.

If GreenPower was just about helping electricity customers invest in renewable electricity, then the contradictory Section 8.2 of the Marketing Guidelines would not exist.

### **Auditing and Compliance**

The auditing and compliance regime focusses on a narrow scope and does not extend to auditing whether the Program itself is maintaining integrity and being governed in accordance with the GreenPower Charter. This has been a crucial failure of the governance regime.

It is not agreed that there is a “general sense that the Program rules are operating satisfactorily”. I am disappointed in this conclusion given that I provided briefing of concern in 2014 regarding this review and I understand that it was forwarded to the Review Steering Committee.

### **Comments on 5.5 Summary**

The GreenPower Program requires significant reform of legal and accounting frameworks in order for the program to be anything more than a donation like mechanism. It does not provide value for money for its customers and this view is evident from even state Government participants on the NGPSG that are failing to even purchase a minimum 10% GreenPower.

### **COMMENTS ON 6 OPTION IDENTIFICATION AND ASSESSMENT**

The description of the options developed appear to indicate that the Review has already progressed too far towards discarding options and not considering new material. For example:

- Should the Governance be transferred to a federal jurisdiction for rule making and independent administration of the program, then the opportunities for legal reform are enhanced. This matter should have been canvassed.
- The Review has not considered the implications of international reforms such as the GHG Protocol Scope 2 Guidance.

## Feedback on Proposals 6.3 Program aims

### A1, No Change

This is not supported as the GreenPower Program is in a state of collapse and does not provide value for money or contractual attributes for customers.

### A2: Update the aims

The proposed revised aims reflect the current outcomes of participating in GreenPower. However, these are not supported as the proposed new wording does not make it absolutely clear that reduced emissions and renewable energy use continue to be allocated across all consumers, not the customer paying extra for GreenPower.

#### Recommendation 10

Ideally there would be reforms to legislation and the NGER accounting Frameworks to enable the Framework to restore and include the aim of supporting customers to be able to contractually buy and claim use of renewable energy and reduced emissions.

This is much closer to how GreenPower was originally marketed during its time of growth. Instead of compromising the aims of the GreenPower Program as has happened over the last eight or so years, attention should be guided towards reforms that could underpin aims that consumers value.

#### Recommendation 11

Should the A2 Option be adopted with the wording proposed, additional wording must be added to inform GreenPower customers that reduced emissions and renewable energy use are allocated across all consumers, not the GreenPower paying customer.

**A3 Develop completely new aims** A re-creation of GreenPower as some kind of development program or to support household PV systems is not supported.

## Feedback on Proposals - 6.4 Governance

### G1: No change

This option is not supported as the governance arrangements have failed. The current governance fails to ensure the integrity of the Program, fails to create advocacy for reforms, failed to deal with issues as they arise, failed to provide opportunities for representation of GreenPower customers, failed to maintain and grow customer numbers and failed to maintain sales because the so called products do not provide value for money.



It is noted that this option does not signal support for forums that include GreenPower customers, just more forums for generators and retailers in secret from the public.

## **G2: Steering Group expansion**

This option is not supported as several state governments have such a poor track record of acting in the long term interests in the program. The South Australian Government for example should be expelled from the NGPSG as it no longer supports GreenPower products and has stopped purchasing GreenPower.

The suggestion that *“Since the GreenPower Program is fully funded by industry, there is clearly an argument for having more direct industry involvement in decisions about how those funds are spent”* is offensive and is rejected. Yes industry pays its fees and these costs are passed on to GreenPower customers. More industry participation would result in industry acting in the best interests of themselves and for some, this means protecting fossil fuel interests.

The NGPSG cannot be fixed whilst it remains in state control.

## **G4: Governance by an alternative organisation**

This option is supported in principle subject to the Following safeguards:

- The Federal Government should ultimate responsibility for the GreenPower Program, for development of rules, for reform of legislation for renewable energy and greenhouse accounting.
- An independent ten person National GreenPower Steering Group should have direct oversight and Governance of the GreenPower Program. The Federal Government should provide administrative support to include an independent Chair Person. There should be representation of GreenPower customers (four positions from states and territories to serve in the interests of customers) One Federal Government representative responsible for the NGER Framework, One representative from the Clean Energy Regulator responsible for managing the RET Framework, one representative from the AER, one industry representative and a GreenPower Coordinator. In this way, GreenPower will be governed for the best interests of customers.
- The Chair Person must also be a 100% GreenPower customer to ensure that they have a demonstrated commitment to the GreenPower concept.
- With the Federal Government taking responsibility for GreenPower, rulemaking and legislation, they are also in a better position to integrate the role of old hydro-electricity in renewables markets. Old hydro is not and should not be

treated as GreenPower, but it is much better than coal and gas fired generation. It must be given a recognised place in the retail market.

## 6.5 Funding

### F1: No change

Whilst the general approach to funding is acceptable, This option is not supported as some changes and greater appreciation of the funding by customers is required

### F2: Raise additional funds from Providers for central marketing and promotion.

It is agreed that additional funding is required, but not exclusively for the purposes of marketing and promotion. Additional funding is required to improve the capacity of the Program to engage in policy reform, to engage with GreenPower customers including to host regular accessible forums, to respond to the key Charter responsibility to “Address and resolve strategic and policy issues as they arise;” (not years after).

Any new marketing and promotions strategy must not simply be concocted with industry. Why is the NGPSG and this Review so distant from GreenPower customer participation in thinking?

### F3: Increase funding by other means

Not supported, it is appropriate for the program to be funded from within the Program customer base. Please however acknowledge that the current funding model is an **industry to customer funding model**. That is, that industry recover the costs from their customers.

**F4: ‘Real-time’ fees for Providers** No comment. This is an appropriate matter to discuss with providers.

### F5: Restructure Generator fees to improve equity

No comment. This too is an appropriate matter to discuss with providers.

## 6.6 Marketing and promotions

### Recommendation 11

It is recommended that Section 8.2 of the GreenPower Marketing guidelines be removed as it is not consistent with Australia’s Legislation and standards (as described in Appendix 1). This section causes customers to claim attributes that they do not legally own. This section causes double counting of Renewable energy use and reduced emissions.

Furthermore, the advice towards the use of GreenPower to be claimed against building operations under the Green Star Performance Rating Tool<sup>9</sup> should also be removed as there is no legal framework for GreenPower to be allocated to individual customers, activities including buildings

<sup>9</sup> <http://www.greenpower.gov.au/News/GreenPower-can-increase-your-Green-Star-Points/>

**M1: No change**

This option is not supported as M2 is better.

**M2: Increase engagement with existing customers**

This option is supported subject to engagement being for all aspects of the GreenPower Program, not simply for marketing and promotions.

In addition, there is no good outcome in promoting a rusty old un-roadworthy rust bucket that GreenPower has become. First, GreenPower needs major structural repairs, all defects addressed and a legal roadworthy check before there is any further attempt to market and sell the program.

Most of the options presented are superficial and unwarranted.

GreenPower doesn't need dressing up, it needs fixing.

**M3: Narrower marketing focus**

Not supported, as any genuine marketing would be an improvement.

In South Australia, there has been virtually no marketing of GreenPower over the past 4 years. The only advertising I can recall in mainstream media ran for a couple of weeks in the In-Daily news and was unconvincing.

**M4: Refresh and relaunch**

Broadly supported to keep the existing logo. Must also repair the un-roadworthy program as described in M2 before seeking to relaunch marketing.

As per recommendations suggested under Option A2, If there is no legal reform (and not a sustainable outcome), the marketing objectives must include wording to communicate that that reduced emissions and renewable energy use are allocated across all consumers the customer paying extra for GreenPower, not the GreenPower paying customer. Section 8.2 of the Marketing Guidelines must also be removed as it is not supported by Australia's legislation and standards.

If however there are legal reforms to legislation and the NGER accounting Frameworks then support an aim of customers to be able to contractually buy and claim use of renewable energy and reduced emissions then the Marketing Guidelines could be updated an a relaunch would be justified.

**M5: Rebrand and relaunch**

This option is not supported. There is enough stopping and starting in climate and renewables policy. Rebranding would achieve absolutely nothing and add further confusion.

Internationally, there is a Green Power movement. The Australian GreenPower program is a part of this.

**M6: Pursue third party endorsement and advocacy**

Endorsement an advocacy are very different things.

Endorsement must be linked to the quality and integrity of the

Program and must therefore be from a trusted authoritative source.

### **Endorsement**

Third party endorsement by an NGO is not supported. This would not assure legality and integrity.

Third Party endorsement by Australia's Legal profession would have more value.

Third party endorsement by the Domestic Offsets Integrity Committee may be of some benefit but this chance was rejected during NCOS consultation and reviews. Instead the Federal Government opted for the sneaky option of excluding GreenPower from the NCOS and accepting it via the back door guidelines away from any integrity assurance.

There may be a possibility of endorsement from a widely trusted international body such as the GHG Protocol.

I don't trust endorsements from people or organisations that are poorly informed.

### **Advocacy**

This is where the State Governments must take responsibility for the poor state of the GreenPower and get with the Program. This must happen even when the GreenPower Program moves from state to federal jurisdiction. With a legal reform for quality product that provides value for money and with state Government participation and advocacy, GreenPower will be extremely successful.

## **6.7 Program rules**

### **R1: No change**

Not supported -The Program rules need to be cleaned of contradictory messaging and language. The definition of so called GreenPower products is poor but this is because the products do not contractually include attributes of renewable energy use or greenhouse reductions allocated to the GreenPower customer.

There is a huge backlog of reforms required that should be progressively reflected into the GreenPower Program Rules as internal and other external reforms are achieved.

### **R2: Relax the minimum renewable energy input requirement**

Not Supported – GreenPower must be about renewable energy, not partly about renewable energy. Consider international best practice and do not compromise the Program further.

### **R3: Strengthen GreenPower Generator eligibility requirements**

Not supported unless measures are required to maintaining the basic expectations that GreenPower comes from post 1997 renewables and not from wood waste and not from waste coal mine gas.

The AER through Energy Made Easy should accept the

responsibility for communicating the environmental performance and sustainability of power companies. The Greenpeace Green Electricity Guide is currently performing this role as the AER refuse to assist in providing comprehensive information for informed decision making by consumers. The AER make Energy Made Easy very difficult for customers that care about the environment.

The GreenPower Program should not duplicate what the AER supposedly take responsibility for. However, the NGPSG should advocate that the AER incorporate such information from providers and provide links for GreenPower customers to access that information.

**R4: Support small-scale generation** – Not Supported – Previously when small scale systems were included there were dual claims of the solar householder using renewables whilst the retailers then sold the same claim renewables to other houses as GreenPower. This is just another form of double counting. It might be possible to segregate the net exports only, but the whole concept is fraught with high risk of abuse, loss of integrity and complexity. Please do not attempt to do so. Keep voluntary GreenPower untangled from voluntary action of small scale renewable systems.

**R5: Redefine new generation** Not supported. The current baseline is well understood and accepted.

**R6: Increase the minimum GreenPower content of Residential Products**

Supported. Green Tokenism at 10% has actually been a barrier to understanding GreenPower sales. A higher starting point is required above the Renewable Power Percentage.

The starting point should be the Renewable Power Percentage and old pre 97 renewables for which most customers pay for (say around 15%). The minimum GreenPower contribution should be 35% above this for 50% Renewable energy. (Old renewables & Minimum RPP + GreenPower).

GreenPower must also make reforms to provide better value for money for this contribution.

**R7: Lower the threshold for large customers to use the GreenPower logo**

Absolutely not supported. Green tokenism must be avoided. It is fair enough to allow businesses to work towards renewable energy starting at half way (Old renewables & RPP + 35%), stepping up to 75%, before embracing 100%. It is however, inappropriate to permit businesses to use a GreenPower logo at Old & RPP + 5% when other businesses are doing the hard yards with 100% contributions.

Recommend Old & RPP + 35% for a 50% starting point for all GreenPower customers.

The NGPSG should ban state governments (themselves) from participating in the GreenPower Program at less than the minimum required of all other customers.

**R8: Incorporate renewable electricity from the grid into calculations of the percentage of GreenPower**

This change was suggested in my submission<sup>10</sup> on the Program Rules five years ago and it is about time that it happened to start to bring about some fairness for GreenPower Customers. In addition, the annual GreenPower Report should disclose the breakdown of customer contributions. How many are minimum customers, how many are mid-range and how many buy 100% GreenPower across their electricity account/accounts. Is it the case that most GreenPower customers are minimum 10% GreenPower contributors?

**R9: Remove block-based GreenPower Products – Agree –** Block based products untied from electricity procurement actually create a barrier to the reform and development of a genuine retail electricity market. If we are to move towards contractual renewable electricity markets as a genuine alternative product rather than as a penalty, then there is no place for GreenPower Block Products. The Clean Energy Regulator provides a mechanism for voluntary surrender of LGCs when electricity is not included and there is no need to continue duplication.

**R10: Review eligible generation technologies**

One way to destroy any residual confidence in the integrity and value of GreenPower would be to extend the program to include electricity from native and old growth forests, waste coal mine gas and other socially unacceptable sources. The current provisions are better than LRET requirements and they should be. Please do not compromise the program any further.

**R11: Expand the GreenPower Product family**

- **A GreenPower Innovation Product,**  
Not Supported, this is the role of ARENA and the CEFC
- **A GreenPower Plus Product**  
Not Supported – No need for additional complexity, just basic reform. This is the role of the AER via EnergyMadeEasy.
- **Introducing stronger environmental, social, or economic eligibility requirements for Generators, along the lines discussed in Option R3.**  
Not supported – See Response to Option R3.
- **GreenPower Direct Product, allowing sale of GreenPower direct from a Generator to a customer (where this is allowed under National Electricity Law).**  
Fully supported.

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<sup>10</sup>

<http://www.greenpower.gov.au/~media/Business%20Centre/Program%20Rules/Program%20Rules%20Version%206/Consultation%20and%20Submissions/Tim%20Kelly%20V6%20Submission.pdf>



- **A GreenPower Government Direct Product, allowing government agencies that directly fund the construction of a renewable energy facility and take possession of all LGCs generated by the facility to obtain GreenPower accreditation.**  
Partially supported. They should do this only to the extent that incorporates a bundled electricity product. Block products stifle reform and should be dealt with via direct surrender to the Clean Energy Regulator.
- **A GreenPower Limited Product associated with a specific eligible project.**  
Supported, however there will be issues when the project is out of service. During these times the shortfall must also be from accredited GreenPower.
- **A Green Gas Product**  
Absolutely not. Fossil gas is not green. Offsets do not make it green. If an organisation wishes to buy offsets the NCOS facilitates this. The only gas projects should be biogas from waste.

#### **R12: Strengthen contractual obligations for GreenPower Providers**

Supported - This will prevent gaps in the performance of the GreenPower Program

#### **R13: Streamline auditing of Providers**

No particular comment other than to say that the auditing of providers must be effective (It is assumed that they are).

In addition, and the auditing of the NGPSG performance against the GreenPower Charter and performance of the Program in general must be effective. (Little or no auditing is carried out on these aspects of the GreenPower Program).

### **6.8 Advocacy options**

There is a huge amount of advocacy, collaboration and collective reform required to provide a legal foundation for GreenPower, to integrate the accounting of GreenPower into the NGER Framework, to reform the Renewable Energy Electricity Act, to stop double counting, to remove contradictory guidance in NCOS, NGER Voluntary Reporting Guidelines etc., etc., etc.

It is surprising that given the sorry state of GreenPower with falling customers, falling sales, little confidence in the integrity, and little value for money, that such a low priority has been given and on so few areas where advocacy is required.

#### **A1: Confirm the additionality of GreenPower**

**Supported** – First task is to preserve the additionality of GreenPower efforts from 2010 to the present day. If the RET is reduced, then the voluntary efforts of GreenPower customers will be made futile as these efforts were made on the legal understanding that they would be additional to at least 45,000 GWh.

The second step is to ensure voluntary renewables are not

tangled with or displace mandatory efforts for the future.

Please also read more detailed comments made under section 4.2 Emission Reduction Fund on this matter.

**A2: Simplify the LGC surrender process** – No comment.

**A3: Introduce opt-out requirements for GreenPower**

**Not supported** – A better option would be the approach that the AER has been promising for Energy Made Easy but not delivered. That is to require the customer to choose the percentage of Renewable Energy that they may wish to buy. The starting point should be the minimum old renewables & RPP. The requirement could be as follows:

Please select the amount or renewable energy you wish to buy	
<input type="checkbox"/>	No participation - Old pre 97 renewables and minimum required by Law (currently around 15%)
<input type="checkbox"/>	50% - Minimum Plus 35% GreenPower
<input type="checkbox"/>	75% - -Minimum Plus 55% GreenPower
<input type="checkbox"/>	100% - Minimum Plus 85% GreenPower

No Government intervention would be required with this approach as it is not an opt out requirement

### Case Study 2 – The rise of electric vehicles

There is every indication that after 100 years of delay, electric vehicles (EVs) will enter an era of significant and exponential growth to take a large slice of the passenger vehicle market. This will not just be another disruptive technology advance, it will be an integral extension of the household renewable transformation as the vehicles are connected home PV and wind systems which may be stand alone or connected to the grid. Away from home, public infrastructure will be created for fast charging, trickle charging or exchange systems to support distance travel and return journeys.

Already there is a battle looming around ensuring that the life cycle impacts of EVs are kept low and recharging is kept as renewable. Under current frameworks, grid power is an average mix of all sources of electricity and is not renewable. GreenPower does not change this as it is a donation like tariff for additional renewable energy generation to be added to the grid and allocated across all customers.

The cryptic GreenPower front page tag line which reads “helping Australia transition to renewable energy”<sup>11</sup> intentionally does not make it clear that those that pay for GreenPower do not get the benefits for themselves or in this case for their electric vehicles. Furthermore, section 8.2 of the GreenPower Marketing Guidelines (2012) guides consumers to can claim the reduced emissions, to double count the emissions reduction. Subsequently the renewable energy use attribute is double

<sup>11</sup> <http://www.greenpower.gov.au/>

counted as well.

To date the double counting and absence of legal integrity have been trivialised but for any claim that electric vehicles will be lower in life cycle greenhouse gas emissions compared with a fossil fuel powered vehicle then this matter must be addressed.

Without reform, the only legally effective way to assure that electric vehicles are charged with renewable energy is to do this with off-grid systems, dramatically limiting claims that can be made with respect to the greenhouse performance of EVs.

Just as the government policy makers, the AER and the AEMC under-estimated the rise of household solar systems and reduced demand by households, there is also an under-estimation of the importance of reforming the legislation surrounding emissions and renewable use allocation to customers for GreenPower. It is difficult to predict the actual consequences of a flawed framework should there be a transition to one million, two million, or three million or more electric vehicles on our roads in coming decades but the outcome cannot be good or fair if the GreenPower Program remains as a donation based tariff only; - whilst also guiding its customers to double count claims.

All the warning signs are evident, with Governments often demonstrating that they regard GreenPower benefits as being transferred to the customer when this is legally not the case. For example:

*“The Queensland Government is actively supporting the uptake of fully electric vehicles in Queensland through programs such as An Electric Vehicle Roadmap for Queensland and the Queensland Energy Management Plan. Electric vehicles powered from the Queensland electricity grid produce fewer greenhouse emissions than conventional vehicles and when powered by GreenPower have the potential to eliminate their emissions entirely”*

*(Government of Queensland, 2011, p. 5).*

It is easy to see how the entire culture surrounding GreenPower is based around consumers claiming reduced emissions and renewable energy use for themselves or for their activities yet the legislation standards and accounting frameworks are not set up for this to happen.

## Comments on 6.9 Summary

GreenPower is at a cross roads. It can either be reformed to provide value for money for Green Power customers, legal integrity and accounting integrity,

or

GreenPower can be clarified that it operates under current legislation and standards as a donation like tariff where customers cannot claim reduced emissions or use of renewable energy for their own electricity consumption.

I am concerned that at a time of GreenPower collapse, losing approximately 300,000 customers in the last two years, that the Discussion Paper would suggest that everything is basically OK.

The first step is to take the governance framework out of the hands of State Governments that do not support the GreenPower Program and in the case of the South Australian Government, does not see value for money in GreenPower and has stopped buying GreenPower.

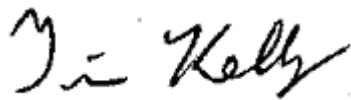
GreenPower Customers (as different from organisations claiming to represent customers) must be engaged in a genuine manner, supported in forums and have much greater representation on the National GreenPower Steering Committee.

As the cost of creating renewable energy continues to fall, it is simply unacceptable to have GreenPower remain as a penalty cost after paying for a mix grid power of mostly fossil fuels.

Limited and targeted consultation with industry and focus groups may have failed to fully identify the significant legal, accounting and allocation issues with the GreenPower Program. However, these issues have been raised previously over many years, were forwarded to the Review Team in 2014 and are clearly identified in this submission. The Review Team and particularly those representatives from the Institute of Sustainable Futures, as part of the University of Technology, Sydney, have a responsibility to acknowledge and address the concerns in a meaningful way.

I request the opportunity to discuss my concerns and recommendations directly with the GreenPower Program Review Team.

Yours sincerely

A handwritten signature in black ink that reads "Tim Kelly". The signature is written in a cursive style with a large initial "T" and "K".

Tim Kelly

Long term 100% GreenPower Customer

## Appendix 1

# GreenPower - Lack of a legal foundation and double counting

### The Word 'GreenPower':

- does not exist in the National Greenhouse and Energy Reporting Act or related legal documents such as the NGER Determination
- does not exist in the National Carbon Offset Standard
- does not exist in the Renewable (Energy Electricity) Act. This act describes how Renewable Energy Certificates may be created, but does not describe any attributes that are associated with RECs / LGCs during change of ownership. They are proof of creation certificates only.
- does not exist in Australia's National Carbon Offset Standard.

### National Greenhouse and Energy Reporting Framework

The National Greenhouse and Energy Reporting Determination explicitly excludes any form of allocating electricity use to customers other than the grid average method shown.

#### 7.2 Method 1—purchase of electricity from main electricity grid in a State or Territory

- (1) The following method must be used for estimating scope 2 emissions released from electricity purchased from the main electricity grid in a State or Territory and consumed from the operation of a facility during a year:

$$Y = Q \times \frac{EF}{1\,000}$$

where:

*Y* is the scope 2 emissions measured in CO<sub>2</sub>-e tonnes.

*Q*, subject to subsection (2), is the quantity of electricity purchased from the electricity grid during the year and consumed from the operation of the facility measured in kilowatt hours.

*EF* is the scope 2 emission factor, in kilograms of CO<sub>2</sub>-e emissions per kilowatt hour, for the State or Territory in which the consumption occurs as mentioned in Part 6 of Schedule 1.

Note: There is no other method for this section.

See NGER Determination (2008), as amended 2013 page 315

<http://www.comlaw.gov.au/Details/F2013C00661/Download>

Once emissions have been divided up and allocated in this way, it is not possible to allocate reduced emissions to GreenPower customers without double counting.

## Non- Legal Guidelines

### **Clean Energy Regulator** Provision of contextual greenhouse gas emission data (DOCx 381 kB)

The Australian Government under the Clean Energy Regulator - guides corporations to double count emissions reductions as “contextual data” where in fact GreenPower is portrayed as a mechanism to reduce scope 2 emissions for a company, in direct contradiction of the Act and its Determination that this document is meant to support.

See page 2 and Page 4 of the document via the following link

<https://www.cleanenergyregulator.gov.au/National-Greenhouse-and-Energy-Reporting/Forms-and-calculators/Pages/default.aspx>

### **GreenPower Rules and Marketing Guidelines**

Over numerous years and numerous complaints, the GreenPower marketing has gradually changed from a product that is directly marketed towards reducing the greenhouse gas emissions of consumers to something that increases renewable energy in the grid. Yet many contradictory marketing statements continue within GreenPower marketing to create the impression and guidance that GreenPower reduces customer emissions.

For Example, Section 2.2 clause 8 of the GreenPower Marketing guidelines (GreenPower, 2012, p. 6) advise that:

**8** Statements relating to greenhouse gas emission reductions must meet the following requirements:

8.1 Carbon claims may refer to the reduction of emission intensity of the electricity grid or electricity generation in Australia or the world

8.2 Carbon claims may refer to the individuals or entities reduction in emission intensity of **their electricity consumption**<sup>12</sup>

### **National Carbon Offset Standard (NCOS) – Carbon Neutral Guidelines**

Whilst the NCOS does not cover GreenPower as either an offset or a lower emissions electricity option, guidelines that are made in the name of the Standard, guide participants to claim GreenPower to reduce their emissions as follows:

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<sup>12</sup> See

[http://www.greenpower.gov.au/~media/Business%20Centre/Program%20Rules/Marketing%20Guidelines%202012/GRP\\_Provider\\_Marketing\\_Guide\\_Oct2012.pdf](http://www.greenpower.gov.au/~media/Business%20Centre/Program%20Rules/Marketing%20Guidelines%202012/GRP_Provider_Marketing_Guide_Oct2012.pdf)



### **“2.1.5 Purchasing accredited GreenPower™ and GreenPower™-eligible Renewable Energy Certificates**

The purchase of GreenPower™ and the voluntary cancellation of Renewable Energy Certificates (RECs) generated by accredited GreenPower™ generators (GreenPower™-RECs) is considered to be equivalent to the direct use of renewable energy. On that basis, GreenPower™ and voluntary cancellation of GreenPower™ RECs (including where self-generated) are treated as a zero-emissions electricity source in a product’s LCA or an organisation’s GHG inventory” (Australian Government, 2013)<sup>13</sup> .

## **In Conclusion**

The problems with GreenPower are multiple and complex and stem from the concept not being properly integrated into a legislative framework.

The double counting of emissions reductions in advice to GreenPower customers and by GreenPower customers is widely known yet governments, regulators and the National GreenPower Program Steering Group (NGPSG) participants dismissed the problem and are evasive. Legal advice from agencies such as departments and the Tax office, has not been publicly released, nor has the context in which advice was sought. Use of renewable energy is not defined, but should align with the emissions allocation.

The GHG Protocol have been attempting to introduce non-mandatory accounting reforms that could be adopted in jurisdictions towards accounting and market improvements in time.

GreenPower has largely stalled and cannot thrive when it is destined to always be a premium above electricity products, even if renewable energy becomes cheaper to produce.

During Australia’s Carbon Pricing Scheme, the concept that GreenPower customers were liable to pay full carbon pass through costs, whilst being told by Government agencies and the GreenPower Marketing Guidelines that they can claim lower emissions for **their** electricity use highlights that something was plainly wrong.

GreenPower paying customers will continue to be unfairly treated until the so called “products” they are contributing to, are made real in legislation, accounting and standards.

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<sup>13</sup> See Page 7. <http://www.environment.gov.au/system/files/resources/1cb5cbd2-f396-438a-a4cb-b9be8cd5196a/files/ncos-guidelines-5-june-2013.pdf>

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