



Summary of responses to GreenPower Program Rules V.10 consultation			
Rule Change	Response	Respondent/s	NGPSG Comment
Support for Community-owned GreenPower Generators	<p>In regards to the proposed definition of a Community-owned GreenPower Generator, whereby no single investor in the GreenPower Generator should own more than 20%:</p> <ul style="list-style-type: none"> • Mid-scale community energy projects may have an underwriting facility or an impact investor that may equate to over 20%. • Given that the application must include details of the ownership structure and governance model, GreenPower will be able to analyse the authenticity of the application without the 20% classification. 	Embark, Hepburn and SolarShare	On the basis of submissions received, the NGPSG would like to undertake further stakeholder consultation on this rule change – particularly surrounding ownership structures.
Support for Community-owned GreenPower Generators	Current fees of \$5,000 are a barrier to community based Providers	Embark and SolarShare	

Support for Community-owned GreenPower Generators	<p>Reduced fee for community generators goes against economic principals; fees will be recovered from customers, therefore customers will end up paying more; the differentiation runs contrary to the aims of GreenPower; and it is economically inefficient as it provides an incentive for generators to incur additional legal and accounting costs to structure their projects as a community generator.</p>	<p>Lumo/Red Energy and Simply Energy</p>	
Support for Community-owned GreenPower Generators	<p>Supportive of definition and thresholds.</p>	<p>SolarShare</p>	
Support for Community-owned GreenPower Generators	<p>The recommendation is supported but the GreenPower Rules should also make clear whether the policy will support self-contained community scale grids that may begin to include battery storage with back up generation to operate separately to the network scale grids.</p>	<p>Tim Kelly</p>	
Support for Community-owned GreenPower Generators	<p>It is important that the GreenPower Rules continue to prevent forms of double counting clearly in all aspects where this may occur. In the case of community owned renewable energy systems, community owners may be directly connected and claiming use for some or all of the generated output as renewable energy.</p> <p>The GreenPower Accreditation Rules should make it clear that for use of renewables claimed by the community must also ensure that corresponding GreenPower accredited LRET certificates are not sold on to third parties to claim as GreenPower.</p>	<p>Tim Kelly</p>	

GreenPower Connect	GreenPower-Connect should be limited to those arrangements where the subject PPA/contract can be shown to be providing the necessary financial commitment required to make development of a new project feasible, rather than for the ongoing profitability of an existing, and already viable, generator.	ACXargyle	The NGPSG agrees that the intent of GreenPower Connect is to stimulate new projects. Amendments have been made to reflect this.
GreenPower Connect	The product should be limited to contracts between a GreenPower customer and a generator where the subject PPA/contract is for a minimum of 50% of the output of the generator for the duration of the contract	ACXargyle	The NGPSG does not believe that it is necessary to set a minimum output/offtake level as lower levels of offtake may still enable a generator to attract project finance, resulting in a new facility being constructed. Setting a minimum would provide a barrier to entry.
GreenPower Connect	Note that these conditions would not apply to the arrangement between the customer and the GreenPower provider which may be for a lesser period and have no limit on how many of the RECs are committed to the GreenPower Program. I.E. it should be entirely up to the customer how many of the RECs which they own are to be used for GreenPower (as opposed to RET) commitments.	ACXargyle	<p>It is only the LGCs surrendered through GreenPower that are considered to be part of the GreenPower Connect Product.</p> <p>The current drafting of the Rule does not prescribe that all LGCs passed onto the customer must be surrendered through GreenPower.</p>
GreenPower Connect	What is the rationale for the \$5,000 fee level and the cap of \$15,000?	Lumo/Red Energy	<p>The \$5,000 fee was based on the current minimum Provider Fee level.</p> <p>This level is considered appropriate as it is also the approximate cost of conducting a simple audit that would be required should an organisation elect to surrender LGCs outside of GreenPower and provide assurance of additionality to the RET.</p> <p>The cap has been initially set at \$15,000 so it does not represent an unreasonable barrier to entry should a single party wish to enter multiple contracts and, therefore, encourage the delivery of multiple new renewable GreenPower generators.</p> <p>As the fee structure is for a new product, namely GreenPower Connect, it is set for an initial period. The fee structure for GreenPower Connect will be reviewed in 2017 to ensure it is functioning as intended and to ensure the fee structure remains transparent and equitable.</p>

<p>GreenPower Connect</p>	<p>How will funds collected through GreenPower Connect impact other fees. Will this be transparent?</p> <p>How do the GreenPower-Connect fees represent an equitable and economically efficient recovery of the costs of the program?</p> <p>The National GreenPower Steering Group has not demonstrated that the current volumetric fee structure makes GreenPower accreditation prohibitively expensive.</p>	<p>Origin Energy, Simply Energy and Tim Kelly</p>	<p>The GreenPower Program requires an operating budget on an annual basis.</p> <p>This budget remains reasonably stable year on year, with an annual increase of CPI. Provider and Generator fees are calculated annually in order to recover this operating budget.</p> <p>Fees collected through the GreenPower Connect product will contribute towards this annual operating budget. Under the current GreenPower Provider fee structure, the pool of funding that is recovered from annual Provider accreditation fees will be reduced by the total fees charged for GreenPower-Connect Products, resulting in a reduced burden on annual Provider fees for their volumetric portion (subject to the current minimum \$5,000 threshold).</p> <p>The Program Manager intends to make the fee calculations transparent and will consider the best way to implement this.</p> <p>Consultation with the GreenPower auditor indicated that the GreenPower Connect product would not add significant cost to the second tier audit undertaken by the Program Manager. However, as these products are essentially isolated from other GreenPower sales, it is reasonable that they are also considered in isolation for fee calculations so that the cost pass through to consumers is transparent.</p> <p>The GreenPower Connect Product is aimed at a segment of the market in which GreenPower does not currently have a foothold, mainly due to the cost of GreenPower over direct purchases from generators as the volumetric GreenPower Provider fee is considered to be cost-prohibitive when passed through to large-scale customers.</p> <p>The various desalination plants around Australia provide the best examples of this. This means that GreenPower Connect will result in additional sales and the collection of fees from an additional source. As noted above, will likely reduce the fees paid by Providers (for their volumetric fee portion)</p>
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<p>GreenPower Connect</p>	<p>Given that one or more state Government Agencies are currently considering or entering GreenPower based power purchase agreements with generators, it appears that this change is aimed at reducing costs for Governments that are also part of the National GreenPower Steering Committee.</p> <p>In this regard it can be argued that there may be a conflict of interest in the proposal. It is noted that no reforms have been suggested that would improve the value for money of GreenPower for ordinary household and business customers that purchase electricity from a retailer.</p> <p>There is also a risk that Government Agencies may seek to negotiate power purchase agreements which may include shared purchasing with other entities. Whilst pooling purchasing power may seem to be an appealing idea, there is a risk to the role of the retail market, and that ordinary customers may end up paying a higher share of the costs of supporting GreenPower and the electricity system as a whole.</p> <p>The broader issue of concern is the situation where there are effectively two frameworks operating for accreditation. One being the voluntary surrender of LGCs to the Clean Energy Regulator without regard to electricity, and the second being GreenPower accredited LGCs more often in bundled electricity contracts, with associated GreenPower Eligible LGCs also being surrendered to the Clean Energy Regulator. The end result is a disruptive and economically inefficient competition between frameworks of different standards and assurances, rather than competition in the market.</p>	<p>Tim Kelly</p>	<p>This rule change is aimed at responding to changing market dynamics and capturing a segment of the market in which GreenPower does not currently operate due to it being seen as too costly. It is open to any entity or individual, or collectives thereof, to participate.</p> <p>Overall electricity market structures are outside the scope of the NGPSG. However, direct off market purchasing agreements are currently available to individual or pooled customers without the backing of GreenPower accreditation to ensure their additionality to the RET.</p> <p>Fees collected through the GreenPower Connect products will contribute towards the GreenPower Program’s annual operating budget and will reduce the fees paid by Providers (for their volumetric fee portion). This will allow Providers to pass on this cost saving to consumers for the volumetric portion of GreenPower sales, meaning that GreenPower Connect could actually result in lower fees for traditional GreenPower customers.</p> <p>GreenPower Connect is simply a different structure of the same mechanism. The surrender and auditing processes will remain and GreenPower will remain unbundled from physical electricity – which does not have to form part of the contract in question.</p>
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GreenPower Connect	<p>Does GreenPower Connect adequately account for buyers group situations where one GreenPower customer acts on behalf of a group of commercial entities to directly fund a GreenPower generator?</p> <p>WWF requests that the wording be amended to include retailers being able to facilitate a group buy between themselves and the generators/project developers.</p>	WWF	<p>The Program Manager agrees that the draft wording does not adequately account for a group buy scenario. Wording will be amended to ensure that buyers' groups can participate equitably.</p>
GreenPower Connect	<p>Page 34 of the Program Rules describes a pathway that appears overly complex and fails to finalise the ultimate requirement for the LGCs to reach the Clean Energy Regulator in voluntary surrender.</p> <p>“These LGCs must not be on-sold or transferred to any party other than from the GreenPower Generator to the GreenPower Customer and then on to the GreenPower Provider, or directly from the GreenPower Generator to the GreenPower Provider. Any other variations to this process must be approved by the Program Manager – Accreditation.”</p> <p>Where these agreements are for bundled Power Purchase Agreements accredited to GreenPower, it would appear to be much simpler for the Generator to also be recognised as a GreenPower Provider.</p>	Tim Kelly	<p>The Program Manager has deliberately restricted the LGC pathways for GreenPower Connect products to ensure that the LGC transactions remain transparent and simple to audit.</p> <p>GreenPower Generators are eligible to apply to become GreenPower Providers. The Program Manager does not want to prevent GreenPower Providers that are not generators from participating in GreenPower Connect product transactions.</p>

The NGPSG received several other suggested rule changes through the consultation process. These were not considered for this consultation as submissions were only open to the proposed changes. The NGPSG would like to thank stakeholders for these additional suggestions and will take them under consideration in future Program Rule updates.