



29 February 2016

E: [greenpower.admin@industry.nsw.gov.au](mailto:greenpower.admin@industry.nsw.gov.au)

Dear Sir/Madam,

### **Submission on draft Program Rules Version 10**

Origin Energy Limited (Origin) welcomes the opportunity to comment on the draft GreenPower Program Rules (Rules) Version 10.

Origin is a significant investor in renewable energy technologies and is a leader in low carbon energy solutions by supplying customers with options that can offset or lower their greenhouse gas emissions. Origin owns and operates generators accredited under the GreenPower Program and is the largest GreenPower Provider with over 200,000 customer accounts.

Origin generally supports the current drafting of the Rules and would like to provide the following additional points for discussion for future versions.

#### ***Incorporate renewable electricity from the grid into GreenPower calculations***

There has been a considerable change in the Program's operating environment since its inception in 1997. More recently, declining sales and customer numbers highlight the need for the Program to adapt in the context of current market dynamics. Costs need to be kept as low as possible to reduce the loss of current customers as well as attracting new entrants into the program. Origin has previously suggested a change in the Program Rules so that the percentage of GreenPower includes the proportion of renewable energy already in the grid due to the mandatory requirements of the Renewable Energy Target. This enables customers to pay less for GreenPower to achieve the desired percentage by only purchasing a top up from the mandatory RET obligation. An extract from one of our previous submissions is included at Attachment A.

#### ***Transparency of Provider Fee calculations***

Origin has been an advocate of the GreenPower program, and has supported it through its changes. The move to a volumetric Provider fee structure was seen as essential to enable the Program to maintain its existing operations. In light of the introduction of the GreenPower-Connect product and how the pool of funding recovered from this product impacts the total Provider fee, Origin suggests for a transparent methodology on the allocation of GreenPower Provider fees.

If you have any questions regarding this submission please contact Susan Setiawan (Carbon Integration Manager) on (02) 9503 5174.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Melissa Perrow".

Melissa Perrow  
Manager, Carbon, Wholesale and Regulations  
Origin Energy Limited  
GPO Box 5376  
Sydney NSW 2001  
+61 2 9503-5025 [Melissa.Perrow@originenergy.com.au](mailto:Melissa.Perrow@originenergy.com.au)

*...GreenPower customers actually contribute to more than their "badged" percentage amount. This was not a major issue when the scheme was first introduced as the mandatory amount of renewable energy in the system was relatively low. However, this issue is becoming more apparent as the actual amount of renewable energy is now a bit over 10% and will approach its target of about 20% in 2020. For example, a customer currently on a 50% GreenPower product is in fact actually contributing to about 60% at the moment. As the mandated target moves towards 20% in 2020, this will approach about 70%. We believe it would be a logical step to allow GreenPower providers to net-off this difference. This could be quite a simple procedure where a relevant regulator (such as the Clean Energy Regulator) sets a percentage which reflects their estimate of the expected amount of renewable energy in the electricity market for the year. This could be set conservatively to ensure there is no concern that the amount is underestimated. GreenPower providers could then net-off this number when purchasing LGCs for GreenPower customers. This would be a fairer policy which would more accurately reflect the contribution GreenPower customers are paying for.*