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To the National GreenPower Steering Group

RE Consultation for draft Program Rules Version 10

Thank you for providing public stakeholders including GreenPower customers with the opportunity to provide feedback on the proposed changes to the GreenPower Rules.

I note that the proposed changes are limited and largely do not reflect the range of recommendations of the Review of the National GreenPower Accreditation Program conducted nearly a year ago by the University of Technology Sydney. The review process commenced in 2013 with planning, continued into 2015 when the report was provided, and has still not concluded in 2016 as no clear statement to public stakeholders has been provided on which recommendations and reforms the National GreenPower Steering Committee intends to adopt.

In this context, it would be more appropriate to refer to the new version as 9.2 rather than version 10.

RE: Change on Pg. 34 - Community-owned GreenPower Generator fees



The recommendation for *Community-owned GreenPower Generator fees* is supported. It is important to provide a range of supporting mechanisms for household scale, community scale and large scale renewable energy generators and this initiative will provide modest support for the community scale projects. No doubt, network access and network charges will continue to cause significant challenges for these projects for some time.

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.

There are many different forms of double counting which may occur. It is therefore 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. The Green Power 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. Establishing a clear principle on no double counting would assist in this regard.

RE: Change on Pg. 43 - Appendix F GreenPower Connect Product Fees

The following two proposals are not supported on the basis that they do not adequately share the cost of running the GreenPower program fairly

-  • A \$5,000 flat fee for eligible LGCs associated with every contractual agreement between a GreenPower customer and a GreenPower Generator.
-  • Where a GreenPower Customer has multiple contractual agreements (either with the same GreenPower Generator or multiple GreenPower Generators), a cap of \$15,000 (ex-GST) applies where such arrangements are with the same GreenPower Provider.

The proposal could potentially mean that Government agencies entering contracts for millions of kW hours per year for purchases of tens of millions of dollars each year may contribute just \$15,000 for the assurance of GreenPower, whilst ordinary GreenPower customers contribute a much higher rate.

The National GreenPower Steering Group has not demonstrated that the current volumetric fee structure makes GreenPower accreditation prohibitively expensive. Indeed it is understood that the cost for the accreditation at a volumetric rate works out to be a cost in the order of 0.000,0002 c/kWh for large type contracts. This does not seem to be prohibitive for the assurance and auditing of GreenPower.

RE: Change Pg. 43 - GreenPower-Connect GreenPower Product

The proposition Government Agencies and commercial entities to have access to a special arrangement for a flat fee for contracts directly with generators is not supported. There is a lack justification for this proposal. Reasons to reject the proposal are as follows:

- Currently, as a household customer, I pay approximately 32c/kWh for a combined electricity and GreenPower rate plus GST. Recently the ACT Government boasted that its contracting resulted in a power purchase agreement for a combined electricity, renewable purchase at 7.7 c/kWh. Even taking into account the different types of contracting, it is clear that the rates that Government Agencies and large commercial entities can achieve are vastly lower compared to those that small customers are offered. It should also be noted that where Government energy use is concerned, the agencies are not paying the additional cost of the GST.
- The National GreenPower Steering Committee has not clearly defined the level of interest from commercial enterprises for this proposal. Without a clear indication that the GreenPower accreditation cost is the substantial issue preventing such sales, there is a risk that the changes will be made for little change in the level of commercially based power purchase agreements that include GreenPower
- 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. 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.
- 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.

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. I would

argue that the National GreenPower Steering Committee are making a poor decision in seeking to compete with another framework, and instead should be actively campaigning for a single mechanism for end user renewable markets, being GreenPower.

RE: Change Pg. 43 Management of LGCs

The clause which describes the management of GreenPower eligible LGCs is not consistent with **Section 2.2: What is a GreenPower Product?** Section 2.2 reads:

“The GreenPower Provider fulfils this commitment through invalidating the corresponding amount the purchase of eligible Large-scale Generation Certificates via an offer of voluntary surrender to the Clean Energy Regulator”

Page 34 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.

“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”.

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. Once this recognition is in place, there is no actual need for the certificates to be transferred to the customer as they could be voluntarily surrendered to the Clean Energy Regulator (CER) directly, and the auditing process should assure the surrender.

I do not support the concept of GreenPower that is not integrated with an electricity purchase. However given that the LGC only mechanism still exists, it would only be this situation where GreenPower eligible LGCs need to be transferred to the customer for banking or on-selling, creating the need for these to be transferred back to a GreenPower Provider for any voluntary surrender to the CER.

Additional comments

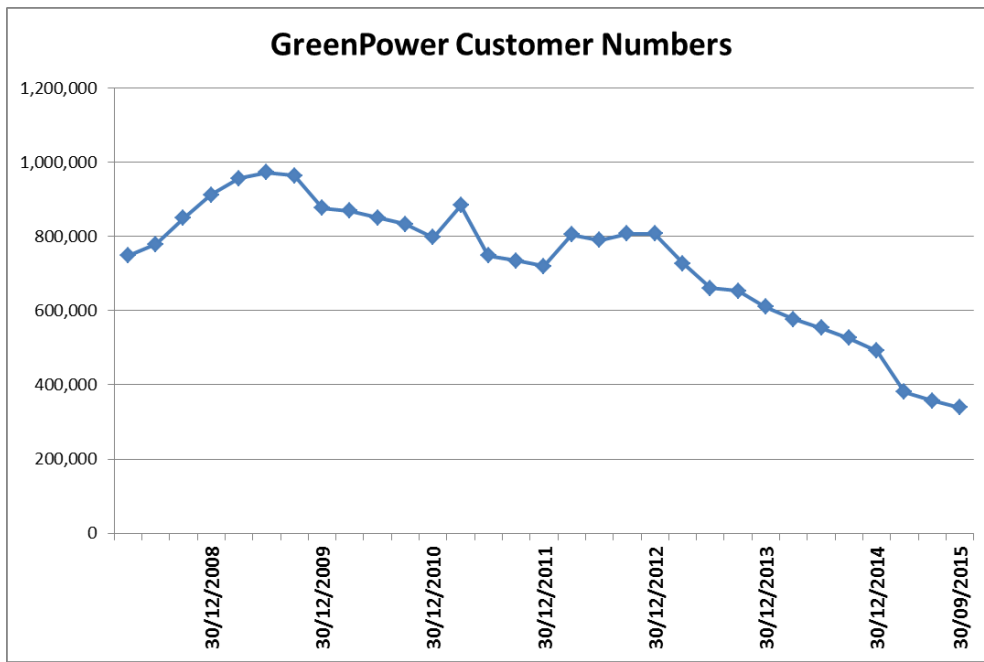
Clean Energy Future and the Carbon Pricing Mechanism

The Carbon Pricing System has been scrapped and therefore this section requires changing. In particular, under the new arrangements of the RET and the Emissions Reduction Fund, the National GreenPower Steering Committee should acknowledge the challenges with the additionality of GreenPower, in this section.

- It is no longer clear whether GreenPower remains additional to Australia’s international greenhouse reduction commitments.
- GreenPower is additional to the RET, but may not be additional to Australia’s renewable energy commitments. GreenPower may have been additional to 41,000 GWh, but it was never additional to 20%. Evidence of this situation was exposed in the way in which the RET was reduced by the Federal Government. The former Energy Minister described a risk that 20% might be exceeded as justification rather than respecting the then legislated target of 41,000 GWh (and previously 45,000 GWh for RECs): “*We do have to be practical - we didn't sign up to [a] 27 per cent target*”. <http://www.abc.net.au/news/2014-10-22/government-wants-rooftop-solar-program-to-continue/5833664>

Urgent need of the full range of reforms highlighted by the 2015 Review

- The continuing dramatic collapse in customer numbers and sales, highlights the urgency for comprehensive reform that is needed for the GreenPower Framework, its Governance and the National Greenhouse and Energy accounting rules under which operates.



It is recommended that the changes proposed for GreenPower Connect products and fees be deferred until after a comprehensive package of governance and administrative reforms are undertaken...

Appendix E: National GreenPower Steering Group Charter

The rules contain the Charter, yet it is debateable as to whether the State and Territory Governments that participate in GreenPower are meeting their responsibilities in the charter. In particular:

- When Government Agencies do not adequately promote where their own renewable energy purchasing is for accredited GreenPower they are failing to promote GreenPower.
- When Government renewable energy purchasing arrangements are not being undertaken with GreenPower accreditation they are failing to lead others to purchase GreenPower.
- Where government agencies misrepresent that GreenPower accreditation may not support, jobs and investment for particular projects in defined locations, then this causes considerable harm to the GreenPower brand. Quote ***“simply put we don't want to build a wind farm or solar farm in someone else's state”*** SA Premier Jay Weatherill on twitter, in response to question on why accredited GreenPower offers were “prevented in the massive SAGov low carbon electricity PPA tender”?

There are currently no penalties such as suspensions or expulsions from the National GreenPower Steering Group where Governments provide incorrect representation breach their charter obligations or cause general harm to the GreenPower Framework. In any business where a staff or board member acted against the interests of the organisational well-being, they would be dismissed.

It is time for a new charter, new governance arrangements and rules that would ensure that the program is governed and administered in the best interest of GreenPower and all its customers.

Yours sincerely

Tim Kelly
100% accredited GreenPower paying electricity customer