29 Jan 2015

The Program Manager
National GreenPower Program

Dear Sir


Please see the following comments regarding the consultation draft specifically concerning the GreenPower-Connect product.

Draft Rules Page 43
Appendix G: Specialised GreenPower Products
GreenPower-Connect GreenPower Product

- A GreenPower Customer must have entered into a contractual agreement (such as a Power Purchase Agreement) with a GreenPower Generator resulting in the ownership of all or some of the LGCs created by that GreenPower Generator.

ACXargyle is concerned that this condition is vague and may not achieve its intended outcome. To the extent that we are aware, there is no formal industry definition of a Power Purchase Agreement. If the subject contract is with an existing generator or for less than four years then it is no more useful in creating new generation than simply making spot bulk purchases from the market, a practice which already occurs between providers and generators on behalf of GP customers. As such GreenPower-Connect would simply cannibalise existing GreenPower sales thus reducing the income to both providers and the GreenPower program.

It is our opinion that GreenPower-Connect has a particular ability to stimulate the growth of new renewables, (which is the purpose of GreenPower program) and should be seen as a premium product. However for this to be the case we believe the product should be limited to contracts between a GreenPower customer and a generator where the subject PPA/contract is for:

- a minimum of 5 years for the RECs (we would prefer 10 years)
- the first period of the generator’s life and duration of the first PPA, and not subsequent periods where the generator is already a viable operating concern.
- a minimum of 50% of the output of the generator for the duration of the contract (we would prefer 100%)

In other words 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.
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.

Yours faithfully

Peter Shuey

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