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By e-mail: greenpower.admin@planning.nsw.gov.au

Dear Madam, Sir,

City of Sydney submission to 2022 GreenPower Program Review

The City of Sydney welcomes this opportunity to make a submission to the 2022 GreenPower review.

The City has endorsed a target for net zero emissions across the local area by 2035, and for at least half of the electricity to be from renewable sources by 2030.

More than 75% of our residents live in apartment buildings and many are renters. Affordable renewable energy options are needed for all if we are to achieve our targets.

For many of our residents and small businesses, GreenPower is the only way to be part of the renewable energy transition.

It is for this reason that the City has been working closely with the GreenPower team to run a promotional campaign, and it is encouraging to see that GreenPower sales in NSW are increasing.

It is also clear that the energy system is undergoing a significant transformation. To a large extent, the future success of the GreenPower program is contingent on what happens to the renewable energy target through to, and beyond 2030 - which is currently unknown.

Given this uncertainty, the City supports the proposal to make immediate improvements to the GreenPower program to commence in 2023, followed by a more in-depth review which would be implemented by 2025.

The future of the renewable energy target will have significant implications for meeting state energy and emissions targets, and the very existence of GreenPower.

It is therefore recommended that the NSW Government works with other levels of government to determine what happens beyond the renewable energy target. This needs to happen in parallel with the GreenPower program review, between 2023 and 2025.

Local data is critical, now

The consultation paper outlines how a renewed campaign to promote GreenPower is critical to the ongoing success of the program. Local Governments and other community channels are trusted and relevant voices to deliver this.

The current campaign being run by the City of Sydney and other local governments to encourage people to choose GreenPower is a good example.

However, GreenPower data at the local level is essential to measure the success of campaigns like these. The GreenPower program has been notified on multiple occasions, by multiple organisations, about the critical need for local data.

Without local level data, local governments like the City of Sydney will be unable to substantiate continued spending to encourage GreenPower.

Local data needs to be a top priority for the current review.

Provision of GreenPower data at the postcode level should be a mandatory requirement of GreenPower providers by 2023.

Enhance marketing and support promotional partners

The consultation paper makes clear that relying on provider marketing alone is insufficient to increase the uptake of GreenPower. It also refers to the need to support promotional partners, however it does not address how to do this.

The City of Sydney GreenPower promotion campaign is a great example, and these promotional materials are also being shared with other Councils to enable them to run their own campaigns.

To make this feasible over the longer term, GreenPower will need to provide financial and or other resources, including taking an active role in leading and coordinating promotional partners. GreenPower marketing should focus on sectors that are otherwise unable to easily source renewable energy, specifically households and SMEs.

The consultation paper notes that increased resourcing and budget for the GreenPower marketing is required. This is supported; however, funding should come from the NSW Government, and not by increasing GreenPower program fees as proposed. The cost of GreenPower needs to be reduced, not increased.

Bring GreenPower accounting in line with international protocols

The City is supportive of the proposal to recognise the renewable energy target in GreenPower sales. This move to market-based accounting - whereby the renewable energy claims are attributed to the end user - would bring GreenPower in line with international protocols and other government programs including Climate Active and NABERS.

Renewables in the grid would be rightly attributed to all energy customers, meaning fewer additional renewable certificates are required by GreenPower customers - effectively discounting the cost. This is significant given that the current price premium for GreenPower is a disincentive to greater uptake.

Option B - *to include the renewable energy target in all GreenPower percentages* - as outlined in the consultation paper, is the preferred and equitable option. However, the proposal to use a Renewable Power Percentage (RPP) figure of 15% that is lower than the current RPP is neither warranted nor supported. GreenPower sales should be based on the most recent annual RPP.

Option A - *to introduce a new logo only for users who choose 100% renewable electricity* - is not supported. Using different methods to calculate various GreenPower percentages is inaccurate and would undermine confidence in the scheme. It is also

inequitable - the approximately 19% effective 'discount' would only be available to users who can purchase 100% renewable electricity.

Future of the renewable energy target

As outlined earlier, there is a significant role for the NSW Government to advocate for and be actively involved in designing what will happen when the renewable energy target is set to end in 2030. This should be a key recommendation for the current Greenpower review.

Given that the GreenPower program and the renewable energy target are both national schemes there could be greater efficiency if they were both administered by the same national government agency.

Beyond 2030, a revamped renewable energy target may alleviate the need for GreenPower altogether. Conversely, in the absence of a renewable energy target, there may be a role for an enhanced GreenPower program.

The future of the renewable energy target will also have implications for GreenPower in the interim years. For example, if the renewable energy target is unlikely to continue, it may suppress the prices of renewable energy certificates (due to lower demand) and make GreenPower more affordable.

For now, GreenPower is the only ready way that many households and small businesses can support renewable energy. In an elastic market, price will influence uptake. The future of the renewable energy target is therefore a key issue for the NSW Government and the GreenPower program.

Even in the absence of a future target, a 'currency' for renewable energy (renewable energy certificates, e.g. LGCs) will need to continue beyond 2030 for monitoring and accountability of renewable energy claims and tracking against voluntary and state based targets - at least until the grid reaches 100% renewable.

Additionality

The consultation paper covers issues around additionality - that is how GreenPower can support new renewable energy projects and grow the market.

Given that the Australian Energy Market Operator now estimates that the national electricity market may be around 80% renewable by 2030, the role of GreenPower to encourage additional renewable energy may not be as significant as it was previously.

Further, focussing only on additional renewable energy is likely to further increase the cost of GreenPower which already comes at a premium price.

The program needs to instead focus on ways to reduce the cost of GreenPower and encourage greater uptake - especially by households and businesses that are unable to easily access other forms of renewable energy.

A revamped renewable energy target that mandates better tracking and accreditation of renewables across the market could solve a lot of the issues that GreenPower is facing, including around additionality.

Affordability

The City supports the proposal to increase the minimum GreenPower percentage above 10%, especially if the renewable energy target (approximately 19%) is included in GreenPower sales as proposed.

However, an affordability assessment should be undertaken first to determine how many customers using a low percentage of GreenPower would be unable to afford a higher minimum percentage.

To really encourage uptake and contribute towards the NSW Government target to halve greenhouse emissions across the state by 2030, a GreenPower fund could be established to subsidise GreenPower for low-income households.

Generally, both the 2023 and 2025 reviews should focus on ways to bring down the price of GreenPower to make it more compelling, especially for households and SME electricity customers.

Load matching and 24/7 renewable electricity

Technology is emerging that will enable greater uptake of real time renewable energy and load management. Matching the time of renewable energy generation with load will optimise the energy system and lower emissions by reducing the curtailment of renewables in favour of dispatchable thermal energy generation and storage.

Emerging technologies such as block chain may unlock opportunities for improved transparency and cost savings to distribute power between renewable energy generators and customers at building, precinct, and grid scales.

Innovations of the bi-directional electricity grid appear to be mainly driven by the private sector. There may be a role for GreenPower in reporting and oversight to ensure that renewable energy claims are genuine and are not being double counted.

At present, renewable energy projects are supported by dynamic pricing of the energy market, combined with the value of renewable energy certificates. The GreenPower program may also investigate whether 24/7 load matching would improve the economics for renewable energy generators, providers, or customers and thereby grow the market.

Ultimately, it is the system as-a-whole, rather than individual transactions, that needs to be optimised for 24/7.

Councils as aggregators

The consultation paper suggests that Councils could take on the role of aggregators to bundle demand and offer GreenPower in small quantities.

Whilst it is acknowledged that aggregation could be a useful mechanism for customers to access renewable electricity, in NSW there are likely to be insurmountable legal, risk and probity barriers for Councils to be a provider of GreenPower.

Should this proposal be developed further, the NSW Government would need to consider the legislative framework and provide resources for Councils to develop and operate the required systems.

Aggregation is a role that energy retailers are best positioned to undertake. An enhanced renewable energy target would provide the signal for retailers to expand their existing capabilities and offer this service more broadly.

Retailer star rating

The City supports the proposal to introduce a retailer star rating to provide a simple, objective, and credible framework to disclose the energy and emissions performance of energy retailers based on market hedging contracts and generation portfolios - more quantitative than the Green Electricity Guide currently published by Greenpeace.

Embedded networks

The consultation paper notes that consumer groups which are part of embedded networks may not be able to get GreenPower. There is however an opportunity for the GreenPower program to work with embedded network operators on ways to promote and incentivise uptake.

Done well, this could lead to many apartment buildings and shopping centres making the switch to renewable energy in bulk, supplying individual tenancies in addition to common areas. Embedded networks could represent a strong market opportunity for GreenPower.

Recommendations

The City makes the following recommendations to the 2022 GreenPower Program Review.

By 2023:

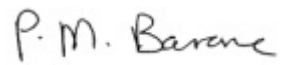
1. Make it a mandatory requirement for GreenPower providers to report local level uptake data, by post code.
2. Provide financial and/or other resources to support promotional partners including Councils.
3. Increase the GreenPower marketing budget, funded by the NSW Government, not by increasing the cost of GreenPower.
4. Include the Renewable Energy Target in all GreenPower percentages, rounded to the most recent annual Renewable Power Percentage (currently 19%, not 15%).
5. Work with the Australian Government and other stakeholders to develop what mechanisms are needed to accelerate the transition to renewable energy in addition to the renewable energy target, especially beyond 2030.
6. Investigate ways to incentivise GreenPower for embedded networks to reduce the cost and increase uptake.
7. Explore all opportunities to reduce the cost premium of GreenPower to make it more attractive, especially for households and SME electricity customers.
8. Investigate whether there would be greater efficiency and consistency if both GreenPower and the renewable energy target were both administered by the same national government agency.

By 2025:

9. Consider amending the aim of GreenPower to focus on making renewable energy more affordable as a major way to increase uptake.
10. Implement a GreenPower fund to subsidise GreenPower for low-income households.
11. Introduce a retailer star rating system for renewables and emissions.

Should you wish to speak with a Council officer about this submission, please contact Anna Mitchell, Executive Manager Sustainability & Resilience on 9265 9333 or at amitchell@cityofsydney.nsw.gov.au.

Yours sincerely

A handwritten signature in black ink that reads "P. M. Barone". The signature is written in a cursive, slightly slanted style.

Monica Barone
Chief Executive Officer