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5<sup>th</sup> September 2022

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To Whom It May Concern:

**RE: GreenPower Program Review 2022**

Ku-ring-gai Council welcomes the opportunity to provide input to the GreenPower Review 2022. This submission is provided on behalf of the management of Ku-ring-gai Council and is based on endorsed Council policy.

As part of its Climate Change Policy, Ku-ring-gai Council has endorsed a target for net zero emissions across Ku-ring-gai by 2040, or sooner.

More than 23% of our residents live in apartment buildings and this number is growing. Affordable renewable energy options are needed for all if we are to achieve our targets. For many Ku-ring-gai residents and small businesses, GreenPower is the only way to access renewable energy and participate in the electricity grid's transition to Net Zero.

The GreenPower review is an important opportunity to address components of the program design, that currently limit its value to consumers and its marketability. Addressing these issues will be key if GreenPower is to have a role in the energy transition and a role in providing communities with a pathway for supporting renewable energy and reaching Net Zero.

This submission makes several recommendations that Ku-ring-gai Council suggest should be the focus of reform and addresses several of the consultation questions listed in the GreenPower Review Consultation Paper.

**There is a role for GreenPower to certify zero emissions electricity**

For many small electricity users (both households and SMEs) GreenPower represents the only certifiable renewable energy product that these consumers can access. For those consumers wanting to voluntarily support the renewable energy sector or reduce their scope 2 emissions footprint, a certification process is essential to providing consumer confidence in a) credibility of retailer marketing, and b) the product's impact on a business or household's net emissions.

As Common Capital also note in the Program Review, the credibility of using GreenPower as a best practice option for reducing scope 2 emissions is a distinguishing element of its value proposition, and as such, the program should look to ensure this is clearly understood by consumers.

**Affordability is key to a viable value proposition**

It is increasingly understood within the public sphere that firmed renewable electricity is the cheapest form of generation for Australia to adopt, as fossil generators reach their retirement age and the network transitions to a zero emissions grid. Consumers rightly expect that their support for renewable energy products should at best, save them money, and at worst, be affordable. In this context, it is difficult to see how GreenPower can retain a viable value proposition unless the program shifts focus to incorporating affordability within its primary program criteria.

**Empowering consumers is key to a viable value proposition – introduce a retailer renewable star rating**

For many consumers, choosing a product with a sustainability certification comes from the desire to have a positive impact. In earlier years of the program, when GreenPower contributed to additionality, this was therefore an essential component of its value proposition.

However, as the Consultation Paper and Review Report note, the volume of current and anticipated LGCs are expected to mean that GreenPower in its current form will find it difficult, if not impossible, to have an additionality impact. That is unless, options are implemented, such as limiting the age of eligible generators, or only accepting new generators. The problem with these options is that they would work against future criteria of affordability.

On the other hand, a retailer star rating as optioned in the Consultation Paper and Review Report, would empower consumers with information on the renewable energy performance of retailers and so provide consumers with the ability to drive demand for retailers that invest in renewable energy.

To be credible, a star rating would need to reflect the volume of contracted renewable energy a retailer has sourced, as a percentage of their total supply (contracted and uncontracted supply).

**Provide transparency on local sales data to support promotion partners**

Ku-ring-gai Council is one of numerous local governments that have adopted Net Zero community targets to align with state government and Paris climate objectives. Therefore, there is a clear driver for local councils to support and promote GreenPower as option for residents and businesses to reduce their scope 2 emissions. Currently though, it is difficult for local councils to commit resources to promotional programs, as there is no way to measure the impact from such efforts within respective local government areas. While sales data is currently published at a state level, data down to postcode level and segmented by C&I/SME/household categories must be made available if local council promotional partnerships are to be fully enabled.

**Update the program to align with Greenhouse Gas accounting best practices**

The current misalignment of GreenPower against market-based reporting, as outlined in the *Greenhouse Gas Protocol Scope 2 Guidelines*, works against the program. By effectively asking GreenPower customers to pay twice for the LGCs that make up the grid's Renewable Power Percentage (RPP).

Council does not support the Consultation Paper's Option A, for addressing this issue. Instead, Council recommends that GreenPower LGC requirements should recognize the contribution from the actual RPP (not an estimate) each year.

This would bring the program in line with best practice greenhouse gas accounting frameworks, improve the affordability of GreenPower, and resolve the issue of potential customers being disincentivized by the prospect of paying twice for RPP LGCs.

Criteria 4 in the *Greenhouse Gas Protocol Scope 2 Guidelines* also "seeks to ensure that the generation on which the emission factors are based occurs close in time to the reporting period for which the certificates (or emissions) are claimed". To maintain the credibility of GreenPower, this criterion should also be adopted, with GreenPower seeking to determine an appropriate age limit for LGCs relative to the date of claim.

#### **Ensure participation rules do not allow implementing barriers for customers**

It is concerning that the Consultation Paper states some GreenPower providers may have actively implemented barriers for customers seeking to sign up for GreenPower. This, being in addition to widespread marketing of lower quality green products, such as those based on carbon offsets.

Accessibility and integrity are key to GreenPower having a viable value proposition, and so it follows that GreenPower should seek to set program participation rules that ensure both these elements are upheld.

#### **Timing of reform is important**

The speed and scale at which change is occurring in the electricity market means there is a somewhat narrow, window of opportunity for GreenPower electricity reforms to benefit consumers. The pace of change also means an increasing number of consumers are being left without a viable means to address their scope 2 emissions footprint and effect positive change in the grid. Therefore, where practical, GreenPower should seek to bring forward and accelerate reforms to ensure the program can deliver value within the window of opportunity.

Should you have any queries or questions relating to this submission, please contact Peter Vun (p. 02 9424 0935, e. [pvun@krg.nsw.gov.au](mailto:pvun@krg.nsw.gov.au))

Kind Regards



Andrew Watson (Sep 5, 2022 10:10 GMT+10)

Andrew Watson

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