

22 August 2022

Mr Tim Stock
Chair
National GreenPower Steering Group
Locked Bag 5022
Parramatta NSW 2124

[Note: Confidential information has been removed from this submission]

Via email to greenpower.admin@planning.nsw.gov.au

Dear Mr Stock,

Re: Program Review 2022 – Consultation paper

Simply Energy welcomes the opportunity to provide feedback on the consultation paper for the 2022 GreenPower program review.

Simply Energy is a leading energy retailer with approximately 730,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

In this submission, Simply Energy provides feedback on the importance of:

- Improving consumer awareness and understanding of GreenPower,
- Allowing for transition time for any changes to the program design; and
- Considering the trade-off between additionality and affordability and how price increases in GreenPower may impact on consumer participation in the program.

Consumer awareness and understanding of GreenPower needs to improve

Simply Energy considers there is a relatively low understanding of GreenPower amongst consumers and currently a relatively low willingness to sign-up to a contract with a GreenPower add-on. **[Note: confidential information has been removed]**

Simply Energy considers that the future success of GreenPower will be dependent on improving consumer perceptions and understanding of GreenPower and the investment it provides to Australia's renewable energy future. As will be discussed below, both GreenPower and industry have a role to play in improving awareness and understanding of GreenPower. As GreenPower supports and contributes to government emissions reduction targets, Simply Energy would support additional government funding to facilitate any new strategies to improve the awareness and take-up of GreenPower.

Overall, Simply Energy supports additional promotion of GreenPower to improve consumer awareness. While we do not have a strong view on whether GreenPower enters into partner promotion strategies, we urge GreenPower to promote itself in a cost-effective manner to ensure that the cost of participating in the program remains accessible to consumers. As part of any new marketing strategy, GreenPower should set-up regular reporting on the costs and benefits of marketing costs, to ensure that participants and consumers have transparency of these costs and whether they are receiving value for money.

The government-run energy comparison sites could be used to improve awareness

Simply Energy considers that GreenPower could be more prominently featured in the government-run energy comparison sites, Energy Made Easy and Victorian Energy Compare. While there are filtering options for green offers, these options could be made more easily accessible. The inclusion of GreenPower is also not particularly prominent in the associated energy price fact sheets on these websites. These websites could also provide more information on what GreenPower is, and why a customer may want to consider paying more to sign-up to a contract with GreenPower.

GreenPower and alternative carbon neutral products can co-exist in the market

As noted above, Simply Energy considers that GreenPower should be promoted as a high-quality accredited renewable energy product and should focus on facilitating its take-up and educating the industry and consumers about its benefits. Simply Energy would not support GreenPower mandating its exclusive use as a 'green' product. The proposal to block retailers from joining GreenPower if they offer other carbon offset products would likely only serve to reduce the number of retailers offering GreenPower to their customers and this may lead to the end of the GreenPower program.

In terms of any issues with the integrity of alternative carbon offset products, we do not consider that this is an issue that GreenPower should be seeking to solve. There are several ongoing processes to advance improvements in the abatement quality and integrity of domestic and international carbon offsets used within alternative products. For example, starting from July 2023, Climate Active will require all carbon neutral certifications to use a minimum of 20 per cent Australian Carbon Credit Units (ACCUs). The Australian Government has also appointed an independent panel to review the integrity of ACCUs and report to the government by 31 December 2022.¹ In relation to international carbon offsets, the Climate Change Authority has recently reviewed the use of international offsets in Australia in the context of the Paris Agreement and outcomes from the COP26 summit in Glasgow to develop accounting for internationally transferred mitigation outcomes (ITMOs).²

We do not support the introduction of stricter requirements for promotion and onboarding

Simply Energy does not support the proposal that GreenPower set strict requirements around how retailers promote GreenPower and onboard customers. Energy retailers have regulatory requirements to obtain the explicit informed consent of prospective customers before entering them into an energy contract (including opting-into a GreenPower add-on), which requires retailers to inform prospective customers of all the options that may be available to them that may suit their circumstances. Simply Energy suggests that if GreenPower sought to place stricter rules on participation in the program that more retailers would likely decide to not offer GreenPower

¹ The Hon Chris Bowen MP 2022, Independent Review of ACCUs, 1 July, Media Release, Minister for Climate Change and Energy, available at: <https://minister.dcceew.gov.au/bowen/media-releases/independent-review-accus>

² Climate Change Authority 2022, 2022 Review of International Offsets, 11 August, available at: <https://www.climatechangeauthority.gov.au/publications/2022-review-international-offsets>

products at all, particularly as GreenPower sales do not currently make up a significant proportion of most energy retailers' sales.

If GreenPower is concerned that call centre staff are not adequately explaining the benefits of GreenPower to prospective customers, we consider that this would be better solved through a focus on consumer awareness and education. We expect that if consumers better understood the benefit associated with paying more for GreenPower, this would improve the consumer demand for these products and encourage consumers to seek out retailers that provide GreenPower offers.

GreenPower should not introduce a retailer star rating system for renewables and emissions

Simply Energy does not consider there is value in GreenPower developing a star rating on renewable energy and emissions performance. As GreenPower is a voluntary program, the existence of the star rating would likely deter potential providers from participating unless they were certain they would be highly ranked by the rating system. We are also concerned that the existence of a star rating system may give the impression that the GreenPower available from one retailer is 'better' or 'greener' than the GreenPower available from another retailer with a lower star rating.

We consider that a rating of renewable energy and emissions performance across the sector can only provide useful insights if it considers all participants, and not just those that have opted-into the rating assessment. For that reason, Simply Energy considers that the existence of other rating systems, such as the Greenpeace guide referenced in the consultation paper, are likely to provide better value to consumers than a GreenPower-led rating system.

Any changes to the program design should allow transition time

We support the program objectives expanding to include other renewable energy sources

Simply Energy is supportive of the GreenPower objectives and mission statement expanding to all renewable energy, rather than solely related to electricity. We consider there are benefits from government-run programs that provide stronger frameworks around 'green' gas and hydrogen claims and products. However, similar to electricity, we note that an expansion of GreenPower to other renewable energy sources should not be to the exclusion of alternative certificate or offset schemes.

However, Simply Energy does not support GreenPower setting a target of how many megawatts of new generation capacity the program wants to support by 2030. We consider that such a target would be largely arbitrary and prone to forecast errors. We suggest that GreenPower's resources are better allocated to improving consumer awareness and confidence in the program.

As part of the program objectives, Simply Energy would also support efforts to improve the access of GreenPower to large commercial and industrial energy users.

There is no need to introduce a vintage requirement for GreenPower certificates

As noted in the consultation paper, 98 per cent of large-scale generation certificates (LGCs) are currently created within 24 months of the settlement period. Based on the data presented, there does not appear to be a market failure that requires GreenPower to introduce further rules and restrictions into the program. If GreenPower were to progress with this change, we would expect that there would be a transition time to ensure there is regulatory certainty for those entities that had made business decisions based on the current framework. For that reason, we would oppose a vintage requirement being introduced as a short-term change within the next 12 months.

The Renewable Energy Target should be recognised within GreenPower

Simply Energy supports Option A presented in the consultation paper, which would introduce a new logo for 100 per cent renewable electricity, which takes the Renewable Energy Target (RET) into account. We consider that this option would provide appropriate recognition of 100 per cent renewable electricity.

While we also consider that Option B has merits, we would urge GreenPower to provide a transition time to allow retailers to reset the products of their existing customers that are on products that do not include the RET in the GreenPower percentages. In particular, we support the proposal to fix the RET percentage in order to address issues with the Renewable Power Percentage changing on an annual basis. Based on the information available, Simply Energy does not support Option B being introduced as a short-term change within the next 12 months.

A low minimum GreenPower percentage should be maintained in the short-term

Simply Energy supports the minimum GreenPower percentage remaining relatively low, at least in the short-term, to ensure that GreenPower remains accessible and affordable to more consumers. Having a variety of GreenPower products available allows customers to make their own trade-off between affordability and renewable energy ambitions. We also note that setting a 50 or 100 per cent minimum percentage may make GreenPower less appealing to consumers than alternative carbon offset products that may be more affordable. However, in the medium-term, we expect that a higher minimum percentage may be justified as GreenPower LGCs may become more affordable and enable consumers to access GreenPower at a relatively lower daily charge.

If GreenPower progresses with Option B (in relation to the RET), we consider there will need to be a grandfathering of existing products and time provided to enable retailers to transition their product offerings to meet the new minimum percentages.

Generator accreditation should be simplified for solar and wind projects

Simply Energy supports GreenPower's suggestion that the current project-by-project assessment could be replaced by a broader technology-based approach. For example, the accreditation process for solar and wind projects could consider other approvals gained by these projects (such as approvals from the Australian Energy Market Operator and governments) and results of environmental and cultural impact studies and approvals.

While additionality is important, GreenPower should remain affordable and accessible

GreenPower should retain a broad focus

Simply Energy does not agree that GreenPower should focus solely on additionality by removing the ability for existing generators to participate in the program. While additionality is an important objective, Simply Energy considers that any approach to improve additionality needs to be weighed up against the impacts on affordability and accessibility (and therefore, overall consumer demand for participation in the program). If there were significant reductions in the voluntary consumer uptake of GreenPower, any efforts to improve additionality would likely be largely redundant.

In our experience, customers are largely motivated by price and are not prepared to pay significantly more for GreenPower from their energy retailer. This has also been demonstrated through the decline in the take-up of GreenPower by consumers over the last decade. Government messaging (including through the format of government-run comparison sites) that focuses on affordability and seeking out the lowest retail energy prices may also be a contributing factor to

lower willingness of consumers to voluntarily increase their energy bills by paying more for GreenPower.

Although LGC prices are currently still high, we do not consider this will necessarily be true in the medium-term. A reduction in the price of LGCs over the medium-term could result in a future where maintaining a largely unchanged design results in a significant increase in the take-up of GreenPower by consumers. Simply Energy would prefer GreenPower to retain a broad focus to maximise the number of consumers that can access the program and take tangible steps to contribute to Australia's renewable energy future.

Limitations on ages of generators in the program would negatively impact participation

As noted previously, Simply Energy does not consider there is a case to limit the validity of LGCs within the GreenPower program. For similar reasons, Simply Energy does not support the proposed option to only recognise certificates from generators that were built within the previous few years. Pursuing this option would necessarily reduce the total number of available certificates and drive up the price of participating in the GreenPower program. As noted above, GreenPower should consider the price sensitivity of energy consumers and whether significant price increases would result in sufficient consumer participation to achieve the desired level of additionality.

On the generation side, Simply Energy is concerned that pursuing this option would introduce regulatory risk for generators that considered GreenPower revenue streams as part of their business case. In addition, introducing a time-bound on LGCs may require an increase in the resources and costs allocated to administration of the program, further deteriorating affordability of participating in GreenPower.

Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au.

Yours sincerely



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