15 August 2022

National GreenPower Accreditation Program
NSW Office of Energy and Climate Change
Locked Bag 5022
Parramatta, NSW 2124

By email: greenpower.admin@planning.nsw.gov.au

2021-22 GreenPower program review

Snowy Hydro and Red Energy welcome the opportunity to comment on the matters raised in the 2021-22 GreenPower program review (**Program Review**).

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts. We are an integrated energy company with more than 5,500 megawatts (MW) of generating capacity. We are one of Australia's largest renewable generators, the third largest generator by capacity and the fourth largest retailer in the NEM through our award-winning retail energy companies - Red Energy and Lumo Energy.

Our responses are set out below.

2. Should a vintage requirement for GreenPower certificates be introduced, and what should the validity period be? Should it be 36 months, shorter or longer, and why?

Snowy Hydro agrees that a vintage requirement for Greenpower certificates would contribute to the objectives of the program, maintaining a link between the time of consumption and generation. Snowy Hydro agrees that a three year validity period would be appropriate.

4. Does Option A sufficiently address the demand from stakeholders to recognise the RET for 100% renewable electricity claims? If not, why?

Snowy Hydro agrees that GreenPower should recognise the surrender of mandated LGCs as part of achieving 100% renewable energy. Option A would sufficiently address stakeholders' demand.

5. What are the advantages of Option B? Would fixing the recognised RET percentage be a good solution to deal with the annual changes to the RPP?

Snowy Hydro sees no advantages in Option B as there are no guarantees that NGERs, Climate Active, etc. will recognise the fixed percentage and complying under those standards may require calculating and netting actual RPP as required under Option A.

6. The above proposal is a solution that can be quickly implemented. Should GreenPower consider a different approach in its long-term program design?

We consider option A to be adequate.

7. Which minimum percentage do you think is the most appropriate if Option B noted in 4.3.2 is chosen, and why?

We do not recommend using option B.

8. Should GreenPower's mission expand to include all forms of renewable energy, for example hydrogen, and is the role of GreenPower the same across different energy carriers?

Snowy Hydro considers that the current mission statement is appropriate. It is sufficient to encompass the use of green hydrogen as an input fuel into renewable generation. Extending the mission statement to encompass non-electricity sources of energy risks mission creep and diluting the focus and customer understanding of the role of GreenPower.

9. Is there anything else that you think should be part of GreenPower's mission Statement?

No.

12. Should GreenPower focus on maximum additionality, electricity carbon accounting, or should both types of products be supported?

GreenPower should focus on electricity carbon accounting and providing end consumers a way to ensure their consumed electricity originated from a renewable energy generator.

13. Should a vintage requirement for GreenPower certificates be considered in the long-term design of GreenPower, and why?

14. Should GreenPower consider a generator age limit approach? If so, why?

15. Should GreenPower restrict participating generators to new projects only? And if yes, why?

16. How well would this option deliver on the GreenPower mission and objectives? Does this differ for households, small and large businesses?

[Response to Q13 - 16]

Snowy Hydro acknowledges the desire for additionality in order to maximise the impact of the Greenpower program. However, a focus on maximum additionality at the expense of existing renewable capacity could compromise the availability and take-up of Greenpower, undermining its potential impact and commercial success.

All renewable generators contribute to a low-carbon stationary energy sector. Snowy Hydro considers that arbitrary generator age limits and/or limiting certification to new generation projects only would:

- significantly reduce the pool of accredited renewable energy available to customers;
- increase costs of Greenpower products;
- unfairly discriminate against existing and in particular long-lived renewable capacity such as hydro generation;
- contribute to the growth of alternative renewable energy products, outside of the Greenpower accreditation.

Impact on Hydro Assets

While acknowledging the importance of all renewable technologies, hydro generation will play a unique role in the transition and it is important that Greenpower does not discriminate against hydropower.

There is widespread acknowledgement that achieving net zero depends upon pumped-hydro as the only currently viable form of long-duration storage. Currently, most generation from the Snowy Hydro scheme is 'below baseline' and therefore excluded from the RET. Snowy Hydro considers that the Program Review is an opportunity to remove this arbitrary distinction as we approach the end of the RET in 2030. This would recognise the obvious link between the existing capability of storage-hydro to support new renewables, and the consequent development of those renewables.

Hydro is a long-life asset, with the core dam and water diversion infrastructure having essentially open-ended asset lives, and even the power stations operating for more than 50 years. They are not, however, simply a sunk investment. They require constant upgrades and maintenance to ensure they are capable of operating effectively. In the case of Snowy Hydro's assets, we have implemented multiple major plant upgrades and refurbishments to optimise performance. This requires significant, ongoing capital expenditure. Far from being aged assets, they are state-of-the-art power plant. Generator age limits do not reflect this investment.

Snowy Hydro's customers have indicated a strong desire to receive and recognise the benefit of the renewable character of our hydro generation, even though the generation assets were commissioned more than 15 years ago. Generator age limits make Greenpower less relevant to energy consumers by cutting off access to critical renewable technology. This is an important consideration for the Program Review.

19. Should retailers be blocked from joining GreenPower if they sell green products that are not linked to renewable energy generation?

Our preference would be for Retailers not to rely on carbon offsets, especially international, to offer renewable electricity but we do not think it is the role of GreenPower to enforce this. Mandatory and voluntary standards such as Climate Active, RE100, etc. should be the ones enforcing best practice carbon accounting.

21. Should GreenPower set strict requirements for how providers promote GreenPower and onboard GreenPower customers, i.e. how easy it is to get GreenPower?

We agree with the Program Review's suggestion that GreenPower take a leadership role in differentiating renewable electricity from carbon neutral electricity, and clearly advocate for best practice by electricity retailers.

We disagree that GreenPower should set requirements on how retailers onboard GreenPower customers.

We also disagree that GreenPower should have a say in which other products an energy Retailer is able to offer when offering a GreenPower product.

22. Are there any other customer segments that are unable to access GreenPower?

Consumers in embedded networks are generally unable to access Greenpower, which is a broader function of their inability to access the competitive retail market. This is due to a range of factors, including legacy meters that are not compliant with NEM requirements.

23. How can GreenPower support more flexibility for small energy users to purchase small quantities of GreenPower, such as for embedded network customers?

The opportunities and protections available to consumers in embedded networks have been and continue to be the subject of numerous regulatory processes. These include the Energy Security Board's post 2025 NEM market design work program, recommendations for the regulation of embedded networks by the Australian Energy Market Commission, and the Australian Energy Regulator's review of the retail authorisation framework.

These workstreams have a policy objective to provide opportunities for all consumers, irrespective of how they obtain their energy, to access the benefits of the competitive market. This includes access to Greenpower. As such, there is no need for Greenpower to take unilateral action to promote access at this point as it might be inconsistent with future market and regulatory developments.

25. What are the most important aspects that GreenPower should consider in its generator assessment?

If GreenPower chooses the path of focusing on electricity carbon accounting then all renewable energy generators should be eligible for the GreenPower program.

26. Do you see value in an official environmental rating for electricity retailers, and in GreenPower developing this rating?

We see value in an environmental rating for electricity retailers but it is not clear that GreenPower is the most appropriate organisation for administering this rating. Furthermore, any environmental rating would need to reflect the totality of a retailer's commitment to clean energy in order to avoid any gaming of rating outcomes.