

26 July 2022

**Gawler**



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**RE: CONSULTATION: REVIEW OF THE GREENPOWER PROGRAM**

Thank you for providing the opportunity to provide feedback on this important area of policy.

The Town of Gawler has declared a climate emergency and is committed to taking action towards a safe climate that does not exceed 1.5 degrees of global warming, to avoid ever increasing and unacceptable impacts from climate change. We are preparing a Climate Emergency Action Plan (CEAP) to guide our future activities. Our CEAP is focussing on three areas:

- 1) Town of Gawler operations;
- 2) Enabling and influencing communities to respond to the climate emergency, and;
- 3) Leadership and advocacy.

The renewable electricity transition is identified as the most significant way for Council and communities to contribute to reducing emissions.

For the Town of Gawler to lead communities, Council is of the view that the accredited renewable electricity frameworks must be reformed as a high priority so that consumers who wish to follow our lead, can purchase accredited GreenPower at a fair price with exclusive rights to the Emission Reduction and Renewable Energy use (ER&RE) attributes.

Our actions to reduce emissions include supporting the electric vehicle transition, electrifying sites and infrastructure, reducing use of natural gas as far as possible and actively exploring 100% accredited renewable electricity to meet our electricity needs from the grid.

However, major barriers exist stemming from the lack of legal clarity in defining what would constitute renewable electricity use. Unfair pricing structures also constrain councils and communities in purchasing accredited renewable electricity as GreenPower. It is worth noting that for our council, community electricity use is at a scale of 100 times that of council. GreenPower is the only practical accredited renewable electricity option for most householders and small businesses to buy renewables via the grid.

In recognition of ongoing issues with GreenPower and carbon offsets, the Town of Gawler presented the following motion the Australian Local Government Association National General Assembly held between 19-22 July 2022:

***ALGA Motion for Formal Engagement on Legislated Market-based Greenhouse and Renewables Accounting***

*That this National General Assembly, building on the 2021 National general Assembly resolution and progress to date towards clear and transparent rules for renewable electricity, calls for formal engagement with the Federal Government and Department of Industry, Science Resources and Energy to accelerate reforms for nationally legislated market-based greenhouse accounting and rules for renewable electricity and carbon offsets to be established in Australia This reform will support all consumers (including councils, households and small to medium businesses) to have legitimate, fair and accessible solutions to reducing emissions with renewable electricity and offsetting their emissions.*

**Motion carried unanimously**

The CSIRO in its GenCost Report<sup>1</sup> has again confirmed that renewable electricity is the cheapest form of electricity for new generation and it is also cheaper to produce from existing built infrastructure. However, for councils and ordinary electricity consumers, accredited renewable electricity is by far, the most expensive form of electricity to buy. We think that this is wrong and that the framework for renewable sales is in urgent need of legislated reform.

Council therefore believes that this GreenPower Review provides the appropriate opportunity for the National GreenPower Steering Group (NGPSP) to acknowledge the key legal, accounting and pricing-structure issues that are constraining the transition to renewable electricity. We appreciate that collaboration will be required between the NGPSG, the federal Department of Climate Change, Energy, Environment and Water (DCCEEW) and Clean Energy Regulator (CER) to address these challenges and establish a GreenPower framework that meets the needs of GreenPower consumers until Australia has fully transitioned to renewable electricity.

It is noted that this is the first opportunity for broad community and customer engagement on the GreenPower Program Rules for approximately 7 years. The report by Common Capital which has informed the National GreenPower Steering Group in preparing this review and consultation paper is noted, but it is unclear how Common Capital engaged with consumers in preparing its report.

Sincerely

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<sup>1</sup> GenCost 2020-21 Final report Paul Graham, Jenny Hayward, James Foster and Lisa Havas June 2021  
file:///C:/Users/tkelly/Downloads/GenCost2020-21\_FinalReport.pdf

# RESPONSES TO CONSULTATION AND QUESTIONS

## 2 How GreenPower works

The description of how GreenPower works is not strictly accurate. LGCs under the Renewable Energy Electricity Act (and the National Greenhouse and Energy Reporting Determination) do not represent 1 MegaWatt-hour of renewable electricity. Nor do LGCs represent zero emissions for the consumer. This is because Australia has not yet adopted legislated market based accounting for electricity and renewable electricity. This is a major problem as GreenPower does not work as it is presented.

## 3 Market context

### Consultation Question

1. Do you agree with the above market changes being the main drivers impacting GreenPower sales, public perception and its future role? Are there any other key drivers not included here?

The discussion paper outlines various drivers impacting GreenPower sales. Council agrees in principle with a number of observations and areas where there is disagreement are addressed below.

Other key drivers include:

### No Legal Foundation for zero emissions or renewables use attributes

One of the key drivers that is not described is that GreenPower has no legal foundation for its advice in its Program Rules that consumers can report zero electricity emissions when purchasing Greenpower. Whilst there is no penalty to consumers in doing so, there is no legislated accounting framework that can assure end user claims of zero emissions or renewables use.

### GreenPower is double counted

Another key driver, is the knowledge that GreenPower and all accredited renewables are double counted.

The zero emissions from renewable electricity are allocated across the grid in each state through the legislated National Greenhouse and Energy Reporting Determination and non-legislated National Greenhouse Accounts (NGA) Factors.

These documents allocate renewables using **location based accounting** as the basis for disclosure of corporation greenhouse data to the public, on greenhouse data printed on electricity bills, as a foundation for most Australian carbon calculators, for policy analysis such as the Future Fuels Strategy and for use in the current Government Green Vehicle Guide to rate electric vehicle performance (for life cycle fuel use).

At the same time, GreenPower, the Voluntary surrender of Large Scale Certificates, the Corporate Emissions Reduction Transparency (CERT) report scheme, Hydrogen Guarantee of Origin scheme and National Australian Built Environment Rating System (NABERS) use **market based accounting** for renewable electricity use claims and zero emissions, although this use is not supported by legislation to claim these attributes.

The two different accounting approaches are contradictory and cannot co-exist without double counting. The use of **location based accounting electricity** accounting at the same time as **market based electricity accounting** is used in the same jurisdiction to make claims, results in double counting of GreenPower. The GHG Protocol Scope 2 Guidance describes seven quality criteria to maintain the integrity of market based renewable electricity and prevent against double counting but these have not been followed in Australia.

**Table 7.1 Scope 2 Quality Criteria**

Further explanation on select Scope 2 Quality Criteria can be found in Section 7.5.

<b>All contractual instruments used in the market-based method for scope 2 accounting shall:</b>
<ol style="list-style-type: none"> <li>1. Convey the direct GHG emission rate attribute associated with the unit of electricity produced.</li> <li>2. Be the only instruments that carry the GHG emission rate attribute claim associated with that quantity of electricity generation.</li> <li>3. Be tracked and redeemed, retired, or canceled by or on behalf of the reporting entity.</li> <li>4. Be issued and redeemed as close as possible to the period of energy consumption to which the instrument is applied.</li> <li>5. Be sourced from the same market in which the reporting entity's electricity-consuming operations are located and to which the instrument is applied.</li> </ol>
<b>In addition, utility-specific emission factors shall:</b>
<ol style="list-style-type: none"> <li>6. Be calculated based on delivered electricity, incorporating certificates sourced and retired on behalf of its customers. Electricity from renewable facilities for which the attributes have been sold off (via contracts or certificates) shall be characterized as having the GHG attributes of the residual mix in the utility or supplier-specific emission factor.</li> </ol>
<b>In addition, companies purchasing electricity directly from generators or consuming on-site generation shall:</b>
<ol style="list-style-type: none"> <li>7. Ensure all contractual instruments conveying emissions claims be transferred to the reporting entity only. No other instruments that convey this claim to another end user shall be issued for the contracted electricity. The electricity from the facility shall not carry the GHG emission rate claim for use by a utility, for example, for the purpose of delivery and use claims.</li> </ol>
<b>Finally, to use any contractual instrument in the market-based method requires that:</b>
<ol style="list-style-type: none"> <li>8. An adjusted, residual mix characterizing the GHG intensity of unclaimed or publicly shared electricity shall be made available for consumer scope 2 calculations, or its absence shall be disclosed by the reporting entity.</li> </ol>

## GreenPower Pricing is excessive

Renewable electricity is the most expensive form of electricity for ordinary consumers to buy and the following factors are contributing to this outcome:

- GreenPower's pricing structures are based on payment for grid mix electricity first and then an additional cost penalty above all other electricity costs
- 100% GreenPower customers are not protected from paying for the inflated cost of coal and gas electricity
- The pricing of LGCs is unregulated.
- The supply of LGCs is restricted due to:
  - the mandatory Renewable Electricity Target (RET) charge which requires surrender of LGCs for a target that has already been achieved
  - New renewable electricity generation from pre 1997 built infrastructure is restricted from creating LGCs and participation in GreenPower

- Renewable electricity use is undefined in law and most 100% GreenPower customers are charged for the mandatory LRET and SRES charges twice (~145% renewables payment)

### **RE: The RET has been met**

The issue of the federal Government's Renewable Energy Target being met has a massive impact on GreenPower. The continuation of the RET and related mandatory costs until 2030 for no additional renewable electricity outcome, is creating a market distortion that keeps the price of LGCs and GreenPower high.

It is not agreed that there is an oversupply of LGCs reducing the market impact of GreenPower. Rather, there is an artificial under-availability of LGCs which is inflating the cost of accredited renewable electricity. For all customers.

### **RE: Corporate commitments support new business models.**

It is not agreed that Power Purchasing Agreements (PPAs) and other renewable procurement models have matured. Sometimes PPAs presented as a renewable energy contract may not include LGC surrender at all. This results in triple counting of renewables.

All renewable electricity contracts and procurement models should comply with a legislated set of market based accounting rules using a similar approach to that of financial markets, whereby different product and service transactions follow standard accounting practices

Until there is a legislated market base accounting framework that supports end user renewables trading and claims, there are no adequate business models for renewable purchasing.

### **RE: Emergence of carbon offset electricity products.**

Carbon offset electricity products do retard the purchasing of accredited renewable electricity. This problem is aggravated by the over inflated cost of renewable electricity.

There are also issues associated with carbon offsets, the methods used to create the offsets and the accounting frameworks which surround both international carbon offsets and Australian Carbon Credit Unit offsets. The lack of legislated market based rules and potential double counting may be causing the price of carbon offsets to be lower than they would otherwise be in a level playing field.

In addition, the possibility of rebirthed renewables is not fully prevented. This can happen from the way that LGCs are segregated from the renewable electricity. It is possible for there to be two claims

1. A renewable electricity and zero emissions claim based on purchasing and surrendering LGCs
2. The ability to re- attach a carbon offset with the electricity and call it carbon offset electricity from renewable sources.

### **RE: New renewable fuels are emerging**

GreenPower should be primarily about Renewable electricity. It is not helpful for other products such as gas to be brought into GreenPower when these should rightfully be

addressed through the Federal Government jurisdiction where the rule maker for national greenhouse accounting can also write the rules of accreditation schemes.

The Federal Government has taken charge of the Hydrogen Guarantee of Origin Scheme and should likewise establish and manage any other zero carbon gas schemes.

## 4 Short-term changes for 2023

### 4.1 LGC vintage requirement - limiting the validity of certificates

#### Consultation Question

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?

#### Response to Question 2

The GreenPower Certificates or more accurate description of GreenPower LGCs should have the shortest validity period and be used towards assuring renewable electricity rather than as a separate derivative. Renewable Electricity Certificates (RECs or LRET RECs or LGCs) were created under the Federal Governments Renewable Energy (Electricity) Act 2000 to support the Renewable Energy target. They have never been defined as incorporating attributes for voluntary markets and are at best described as *proof of generation certificates*, but not proof of use. The way that LGCs have been allowed to be claimed as separate to electricity has caused a number of distortions and provides no assurance to customers.

As Australia transitions towards voluntary only renewable markets by 2030 it is important that illogical distortions be removed. Consumers are seeking to buy and claim renewable use at zero emissions and simply require an assurance mechanism for this to happen. It is also worth noting that there are other competing methods being used such as state emission factors, on site generation and consumption (including whilst selling LGCs) and time of day use.

As with many derivative trading markets separate from actual products, allowing a long vintage time can also lead to the use of unequal market power, speculative purchasing and hoarding, all of which does not help ordinary consumers buy renewable electricity at the least cost.

### 4.2 Aligning generator accreditation dates with the CER

#### Consultation Question

3. Do you agree with GreenPower aligning its generator accreditation dates with the CER accreditation date? If not, why?

No comment



## 4.3. Incorporating the RET in GreenPower products

### 4.3.1. Options for recognising the RET

#### Consultation Question

4. Does Option A sufficiently address the demand from stakeholders to recognise the RET for 100% renewable electricity claims? If not, why?
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?
6. The above proposal is a solution that can be quickly implemented. Should GreenPower consider a different approach in its long-term program design?

#### Response to Question 4

##### OPTION A: new 100% renewable energy logo

A new logo does not address critical reform needs.

Option A does not adequately take the RET into account. It is important that GreenPower align with the ACCC Guidelines for Green Marketing and the Australian Consumer Law (2011)<sup>2</sup>. The guidelines advise that:

Sustainable or renewable energy sources are important to many consumers and so it is essential they have accurate information on which to base their purchasing decisions. You should be careful when advertising renewable or green energy that any representations made about cost, amounts supplied or the associated benefits are truthful and correct. For example, a company advertising their energy as 'green' or 'renewable' should disclose the percentage of energy which is obtained from renewable sources if it is less than 100 per cent.

This means that consumers should be advised of the amount of renewable electricity they are paying for, not more and not less. Option A would not acknowledge that the mandatory RET contributions in the lower than 100% options and that could be perceived as false and misleading as well as unfair.

Offering a 100% renewable option on top of the RET under Option 1 is also not appropriate. No such option applies in normal consumer markets such as for buying a kilo of sugar or a new car where the customer is offered a product charged at a ~20% additional cost penalty for no good purpose.

Option A also fails to take into account the Small-scale Renewable Electricity Target (SRET) contributions. Under the NGER Technical Guidelines there was no indication that small scale solar was allocated to the grid, but DCCEEW (formerly DISER) recently advised that small scale solar has in fact been allocated to the grid. If this situation is to continue, it would not be appropriate for GreenPower customers to pay for renewable electricity in the grid from small scale solar.

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<sup>2</sup> <https://www.accc.gov.au/publications/green-marketing-and-the-australian-consumer-law>

## Response to Question 5

### OPTION B: include the RET in all GreenPower percentages

Option B is supported in principle in that each renewable electricity offering should incorporate the mandatory contributions plus the balance on voluntary contributions for the percentage renewable indicated in the sale

Option B more closely aligns with the needs of consumers but is also not sufficient.

The Renewable Power Percentage is published by the Government on an annual basis for both the large and small scale mandatory contributions (LRET & SRES).

- GreenPower must adhere to the published percentage RPP value in a given year to ensure that consumers of renewable electricity are not being overcharged or undercharged in what they pay for. Rounding of RPPs is not appropriate.
- The issue of whether GreenPower customers should be charged for the SRES Renewable electricity allocated to the grid, depends on whether DCCEEW continue to allocate this electricity to the grid or net it out when calculating electricity emission factors. This matter requires urgent attention.

## Response to Question 6

Option B should be implemented as soon as possible to ensure that consumers are not being overcharged for renewable electricity. The issue of mandatory SRES contributions also requires urgent clarification of future intent from DCCEEW.

It is understood that reforms aligning with Option B were recommended to the NGPSG in GreenPower Rules consultations since 2010 so these reforms are long overdue.

### **4.3.3 Minimum GreenPower percentage**

#### **Consultation Question**

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

## Response to Question 7

### Where LRET only, is added to the grid

Noting that the LRET RPP is approximately 20% there is a need for an adequate voluntary contribution to deserve recognition as a GreenPower customer. The 10% GreenPower minimum has often been offered to consumers at no extra cost and under such circumstances, it is unclear how this cost has been covered. The following is recommended:

- Standard grid customers are acknowledge for their RPP contribution (~20% by default).
- A 50% minimum (Bronze customer) based on ~20% mandatory +~30% voluntary renewables is supported as the first increment
- A 75% intermediate (Silver customer) based on ~20% mandatory +~55% voluntary renewables as the second increment



- An ultimate 100% (Gold customer) based on ~20% mandatory +~80% voluntary renewables.

#### Where LRET and SRES are added to the grid

If the SRES component (27.62% in 2022) is added to the grid (As DCCEW has advised), then

The recommendation is increased to:

- Standard grid customers are acknowledge for their RPP contribution (LRET + SRET) (~45% by default).
- A 75% (Silver customer) based on ~45% mandatory +~30% voluntary renewables.
- An ultimate 100% (Gold customer) based on ~45% mandatory +~65% voluntary renewables.

All schemes need to align to support consistent market based accounting principles, methods and standards including Climate Active, the NGER Determination, the Corporate Emissions Reduction Transparency (CERT) reporting scheme, Hydrogen Guarantee of Origin Scheme and NABERS.

## 5. GreenPower in 2025

### 5.1 Program Mission

#### **Consultation Questions**

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

#### **Current - GreenPower Mission Statement**

**To drive investment in renewable energy in Australia, with a view to decreasing greenhouse gas emissions from energy use, by increasing awareness of, and ensuring consumer confidence in, environmentally sound renewable energy products.**

#### **Response to Question 8**

The mission statement could be more focussed through placing the commitment to assure customers first, and then describing how this will serve to pull new renewables and investment into the market.

The Renewable Energy Electricity Act established in 2000 was the primary mechanism to drive renewable energy investment in Australia and the role of Greenpower supported and was additional to this up until 2015. However, in 2015 following the Warburton Review of the Renewable Electricity Target the Federal Government cut the RET to achieve a real 20% target (which was much less than the 41,000 GWh target that had been established). This target and the decision did not segregate voluntary renewables from mandatory renewables

and effectively extinguished the additionality of voluntary renewable purchases and the role of voluntary customers driving new investments.

Since that time Australia has exceeded the real 20% value through the growth of small scale and household solar systems which remained uncapped.

The mission of GreenPower could now be more focussed on meeting customer interests to enable, empower and attract customers to buy GreenPower.

The current state of GreenPower and voluntary renewable electricity must provide consumer confidence through a legal foundation, with fair pricing structures.

A new customer focussed mission statement is proposed such as:

**That GreenPower is to be Australia's accredited renewable electricity assurance framework, serving the needs of electricity consumers buying accredited renewable electricity from the grid, and to guide electricity providers and retailers in meeting the interests of renewable consumers.**

The current outcomes as shown (ultimate and intermediate) are not sufficiently customer centred. The focus on LGCs (which currently have no legal attributes) does not serve the interests of consumers without further reform.

### **Current and New Roles**

In reviewing the objectives, the following table lists current and potential new roles for GreenPower that are being considered. These will also be discussed in later sections of this consultation paper and you may wish to respond to this question last.

#	Objective	Score
1	Increase awareness and demand for voluntary renewable energy products	Not possible
2	Decrease nationwide greenhouse gas emissions from energy use	0
3	Support new voluntary markets for emerging renewable energy and fuel types	1
4	Provide access to renewable energy products that:	5
5a	<ul style="list-style-type: none"><li>are 100% renewable</li></ul>	5
5b	<ul style="list-style-type: none"><li>lead to new and additional renewable energy projects being built and dispatched</li></ul>	1
5c	<ul style="list-style-type: none"><li>are transparent, independently audited and assured</li></ul>	5
5d	<ul style="list-style-type: none"><li>are affordable</li></ul>	5
5e	<ul style="list-style-type: none"><li>are aligned with best practice carbon accounting frameworks</li></ul>	5
5f	<ul style="list-style-type: none"><li>enable consumers to reduce and avoid energy-related emissions</li></ul>	5
5g	<ul style="list-style-type: none"><li>support best practice in renewable energy development to improve environmental, social and economic outcomes in their host communities</li></ul>	2
6	Advocate for consistent and best practice renewable energy and carbon accounting	5

7	Advocate for best practice energy product marketing to enable informed decision making by consumers	3
8	Other: <ul style="list-style-type: none"> <li>Assure that pricing structures are fair</li> <li>Assure that accounting has a legal foundation (for example, through market-based Scope 2 accounting reform to the NGER Determination and alignment of this to the GHG Protocol Scope 2 Guidance)</li> <li>Assure that the voluntary efforts of GreenPower customers are not being double counted and used by other parties to gain a free ride.</li> <li>Enable access to purchase GreenPower from pre-1997 renewable infrastructure that otherwise meets GreenPower quality standards.</li> </ul>	5 5  5

### 5.3.1. The importance of additionality

#### Consultation Question

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

### Response to Question 12

The focus on additionality has been a distraction from dealing with allocation issues.

The focus should be on:

1. Legally underpinned **allocation** for GreenPower customers to claim renewable electricity use.
2. Legally underpinned electricity carbon accounting for GreenPower customers to be **allocated** and claim zero scope 2 emissions.
3. Additionality where an additionality related claim is made.

If the rules are clear, products are legitimate, priced fairly and not double counted, then GreenPower customers will respond, and increased demand will support the continued transition to renewable electricity and pull investment into the market.

However, when GreenPower is without legal foundation, lacks integrity and pricing fairness, then the additionality of GreenPower (even when achieved), will not be sufficient to give confidence to consumers. Also, when renewable electricity is double counted, additionality is extinguished.

The idea of the Federal Government establishing a separate renewables Guarantee of Origin Scheme with different rules is rejected.

It is strongly recommended that there be one *National Greenhouse and Energy Accounting Standard* and in accordance with this accounting standard, complementary assurance schemes could include.

- One accredited renewable electricity verification framework which should be GreenPower, transitioned into the federal Government's jurisdiction.

- The Hydrogen Guarantee of Origin verification scheme
- A carbon offset assurance framework (Such as the Emissions Reduction Assurance Committee and oversight by the Clean Energy Regulator)
- One carbon neutral verification scheme (such as the DCCEE Climate Active Scheme)

Beyond the single accounting standard and key verification schemes, excessive duplication and contradictory methods and schemes become unnecessary and inefficient. There are currently around half a dozen different greenhouse and renewable assurance schemes each with differing and contradictory rules, most legally unsupported and the number keeps growing.

### 5.3.2. Actions to increase additionality

#### LGC vintage requirement - limiting the validity of certificates

##### Consultation Question

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

#### Response to Question 13

The following answer is not limited to increasing additionality.

As previously identified, consumers are seeking renewable electricity that is assured. GreenPower certificates (more accurately described as GreenPower assured LGCs) are best with bundled products to assure that electricity purchased by GreenPower customers is renewable.

The concept of using the derivative LGC as a separate commodity is problematic. LGCs have no legal attributes and in their current form are not appropriate as the central component of voluntary renewable markets. There could equally be Time of Day (TOD) certificates or State Generation of Use (SoGU) certificates, but without a connection to actual electricity sent into the grid and pulled out of the grid by the GreenPower customer, such concepts lack credibility.

For this reason, the vintage of GreenPower accredited LGCs should be for the shortest possible time and preferably related to a bundled sale of accredited renewable electricity.

LGCs that are older than 12 months, have not been surrendered to the Clean Energy Regulator and are not associated with an actual sale of accredited renewable electricity should be nullified.

#### Generator age limitation

##### Consultation Question

- 13 Should GreenPower consider a generator age limit approach? If so, why?

#### Response to Question 13

No.

The withholding of renewable electricity from pre 1997 infrastructure from the market creates artificial upward pressure on renewable electricity retail prices. Customers now should be able to access this electricity as GreenPower is about consumer markets and needs to be customer focussed. The Federal Government has concluded its RET driven market stimulus and there now needs to be a transition to consumer focussed demand, without unnecessary barriers and supply constraints.

GreenPower should be advocating for accredited renewable electricity to be possible, accessible and affordable. Generator age constraints act against consumers. Every MWh of renewable electricity generated in a current year is new renewable electricity, even though the generator may be older than 1997.

### **Certification of new projects only**

#### **Consultation Question**

- 14 Should GreenPower restrict participating generators to new projects only? And if yes, why?
- 15 How well would this option deliver on the GreenPower mission and objectives? Does this differ for households, small and large businesses?

### **Response to Question 14**

No

As per the response to Question 13, GreenPower should be advocating for accredited renewable electricity to be possible, accessible and affordable. Generator age constraints act against consumers. Every MWh of renewable electricity generated in a current year is new renewable electricity, even though the generator may be older than 1997.

In 2022 renewable electricity is the cheapest electricity to produce, but accredited renewable electricity, particularly as GreenPower is the most expensive electricity that consumers can buy. This is fundamentally wrong and a failure of market design. GreenPower should be acting in the interests of consumers for reforms that will enable its customers to buy renewable electricity an affordable price.

If GreenPower was to set itself up as an assurance program for only niche and boutique new infrastructure with unaffordable and price inflated renewable electricity charges, would lose more customers and discourage consumers from staying on the grid.

### **Response to Question 16**

A limitation to be limited to generation from new projects only, then the second part of the current mission will fail because the cost of accredited renewable electricity would be artificially inflated and unaffordable.

If a revised customer focussed mission was adopted (as suggested in response to Question 8, then the concept of constraining GreenPower to only new power generation would be against the interests of customers.

## 5.4 Actions to increase demand

### 5.4.1 Partner promotion strategy

#### Consultation Question

17. Which organisations would be most suited to partner with GreenPower to drive awareness and uptake of GreenPower, and why?
18. Would you support GreenPower increasing program fees so that the program manager can increase its marketing and promotional activities?

#### Response to Question 17

One of the reasons why retailers and other organisations have not promoted Greenpower could be that the system is not underpinned by legislation and all GreenPower sold is double counted, having already been added to the grid.

Whilst GreenPower itself does not need to comply with the Trade Practices Act as it is not directly selling a product, the Electricity retailers that sell GreenPower must adhere to the trade Practices Act. When the legislation to underpin GreenPower is unclear or absent most organisations refer their customers to the GreenPower site to find out more.

It is also confusing to have two current methods to claim accredited renewable electricity through GreenPower accredited LGCs or through direct surrender of LGCs to the Clean Energy Regulator. Ideally there would be a single renewable electricity accreditation scheme (GreenPower) which operated in accordance with a single National Greenhouse and Energy Accounting Standard.

#### Response to Question 18

Not supported.

Increasing program fees to market a product that still lacks an adequate legal foundation and is double counted could not be supported until foundational reforms are undertaken.

GreenPower has already re-branded itself on several occasions but without addressing the legal foundations of the program and ensuring fair pricing structures, it is unlikely that additional marketing would assist.

### 5.4.2 Should GreenPower providers be able to sell other green products?

#### Consultation Questions

19. Should retailers be blocked from joining GreenPower if they sell green products that are not linked to renewable energy generation?
20. What other changes to the program could provide the same level of clarity for consumers?

#### Response to Question 19

GreenPower should focus on reforms for accredited renewable electricity before contemplating further products under its branding. GreenPower has had 25 years to advocate for a legal accounting foundation for its product and to prevent double counting.



Whilst it is the case that the Department of Climate Change, Energy, Environment and Water have jurisdiction to make the rules to support GreenPower and Market Based Accounting under the NGER Determination, they have been unwilling to do so. There has been constant avoidance of responsibility where Greenpower refers accounting reform to the Federal Department and the Department doesn't run the GreenPower scheme. It is essential that this impasse is resolved.

Climate Active as a scheme of the Federal Department, can take responsibility for carbon neutral products.

GreenPower should also be moved to Departmental oversight so that the rule-maker of accounting standards (under a reformed NGER Determination) also has direct responsibility over GreenPower to ensure that program follows the same accounting standards.

## **Response to Question 20**

The reforms required for GreenPower to operate with integrity include:

Market-based accounting should be integrated into Australia's Climate Change Accounting Law, which is the National Greenhouse and Energy Reporting (NGER) Framework via the NGER Determination.

- For consistency, the National Greenhouse Accounts (NGA) Factors need to be brought into the NGER Framework to legally apply to all participants in Australia's low carbon markets. This is not about forcing all participants to report under the NGER reporting, it simply means that when sellers and buyers are making reputational, product and service-based claims, they all follow the same set of market rules under a legislated framework.
- A change to the NGER Determination is needed to transition to market based accounting for scope 2 emissions will require alignment of the Determination with the GHG Protocol Scope 2 Guidance. A single method to claim renewable electricity use and zero scope 2 emissions is required. The revised NGER Determination should formerly establish a National Residual Grid Mix Factor. Those not making emissions specific claims for renewable electricity should be reporting their electricity emissions using the Residual Grid Mix Factor as the primary method, including to make any and all reputational, product and service-based claims. The Dual Reporting with a location-based factor should therefore become a reference point only and must not be a choice for claims, as this would not prevent double counting.
- To align the Residual Grid Mix Factor (RMF) with a location-based factor, the State Average Scope 2 Emission Factors should no longer be used. Instead, dual reporting should use the National Location Based Factor to compare performance against the primary market-based method.
- If LGCs are to be treated as incorporating renewable use and zero scope 2 emission attributes, then these attributes need to be legally assigned with the Large-Scale Certificates.
- All eight quality criteria of the GHG Protocol Scope 2 Guidance should be achieved.
- NGER reporting, Climate Active, GreenPower, the Hydrogen Guarantee of Origin Scheme and the CERT should all be based around a common single National Greenhouse and Energy Accounting framework that is established under the NGER Determination.
- Given the scale and expansion of low carbon markets together with the rapid growth of emissions and renewable electricity related claims:

- The Clean Energy Regulator should address the fundamental problem of low carbon markets not having a legislated carbon and renewables accounting framework.
- The Department of Industry, Science Resources and Energy should establish long term accounting framework to assure integrity and to legally underpin low carbon markets and claims.

### 5.4.3. Marketing guidelines and compliance

#### Consultation Questions

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

There is a case for GreenPower, with DCCEEW, to establish marketing standards that accurately communicate accredited renewable electricity. There is also a case for DCCEEW to define Australian Carbon Credit Units (ACCUs) and other carbon offsets in law, describe the attributes they have and what they mean.

For GreenPower, the promotion of the product must clarify:

- Whether the attribute of zero scope 2 emissions has a legal foundation.
- Whether the zero scope 2 emissions are allocated to and claimed by other parties at the same time (for example by all other consumers on the grid using the NGER Determination and NGA Factors).
- What defines renewable electricity use under legislation.
- What defines 100% renewable electricity use and lower levels of renewable electricity use under legislation.
- The percentage of renewable electricity in each renewable electricity product sold with GreenPower.
- How the mandatory contributions of GreenPower consumers are taken into account (LRET & SRES) and why.
- To what extent GreenPower aligns with the eight Quality Criteria of the GHG Protocol Scope 2 Guidance.

## 5.5 Actions to improve consumer choice

#### Consultation Questions

22. Are there any other customer segments that are unable to access GreenPower?
23. How can GreenPower support more flexibility for small energy users to purchase small quantities of GreenPower, such as for embedded network customers?

### Response to Question 22

There may be segments of the market that cannot access GreenPower.

The ACT Government has already established bulk procurement for the balance of electricity above the RPP (LRET only) to come from accredited renewables.

However, there is a need for some constraints on isolated grids. Renewable electricity as accredited GreenPower must be grid specific (coming from renewables in the same grid) to

have integrity. The use of unbundled LGCs (including GreenPower accredited LGCs) as the basis of claims is problematic and could open to exploitation of loopholes.

### **Response to Question 23**

In small isolated microgrids it is probably best for users to report the emissions intensity of that microgrid. To take LGC certificates from one grid to claim in a separate grid without adjustment of the emissions intensity of the source grid, would create another source of double counting.

## **5.6 Generator accreditation**

### **Consultation Questions**

24. Should GreenPower reduce its accreditation requirements, or make them stricter; and what do you think is the benefit of either approach?
25. What are the most important aspects that GreenPower should consider in its generator assessment?

### **Response to Question 24**

In principle, the current approach to accreditation is acceptable. Solar and wind projects that meet environmental approvals should in principle be supported as GreenPower accredited.

However, there are concerns that existing environmental approval processes are not sufficiently protecting the environment.

There should be a case to preclude the following projects on environmental grounds.

- Wood waste projects that contribute to the business case for clearing native forests that consume wood that could otherwise have been used in products (a true waste test could apply)
- Solar Projects that have caused the extensive clearance of native vegetation rather than being built on previously cleared land
- Pumped hydro projects that cause significant environmental harm groundwater systems, native vegetation, river or riparian environments.

### **No GreenPower from behind the meter producer consumers**

There is a growing issue with larger scale projects being developed by owner-consumers that produce and consume renewable electricity behind the meter or near behind the meter.

Growth areas for these projects are in the mining and extraction, resource processing and water industries.

Under the NGER Determination these operators are legally able to claim renewable electricity use for renewables produced and consumed behind the meter. There is a policy and legislative loophole that also allows these operators to create and sell LGCs for the renewable electricity they have consumed. This loophole has not been closed by the DCCEW or the Clean Energy Regulator.

Whilst there is no issue with these operators producing and selling excess renewable electricity to the grid and LGCs, it is not appropriate for consumers all other consumers to be paying for the renewable electricity of individual companies that they have already used

behind the meter. This is also another form of double counting, and it increases the cost of electricity for all consumers without the benefit of these renewables being provided to the grid.

The NGPSG should take steps to ensure that if such generator-users are licenced under GreenPower, that they do not create and sell LGCs for the renewable electricity that they have already consumed behind the meter.

## 5.7 Additional options GreenPower could pursue

### 5.7.1 Retailer star rating system for renewables and emissions

#### Consultation Questions

26. Do you see value in an official environmental rating for electricity retailers, and in GreenPower developing this rating?
27. How could this be made administratively efficient and commercially attractive for retailers that perform well environmentally?

#### Response to Question 26

There is no value in creating additional reputational or attributional ratings to the core product which is accredited renewable electricity. This will simply add upward pressure on the pricing of retail renewables. Where companies wish to market themselves based on reputation, they are already free to do so.

#### Response to Question 27

The additional cost burden of creating and maintaining a star rating system should be considered in the context of consumers, not whether it is commercially attractive to retailers.

Given accredited renewable electricity still lacks a legal foundation and is double counted, the focus should be on reforming the foundations of the renewable electricity end user market.

### 5.7.2 Scope 2 emissions fund

#### Consultation Questions

28. What would the minimum fund size need to be to provide material incentives for industry participation in auctions?
29. How could the fund's emissions reductions be allocated to investors or GreenPower customers?

#### Response to Question 28

The concept of redesigning GreenPower as Scope 2 emissions fund has no benefit for consumers seeking to buy accredited renewable electricity at a fair price. The concept has no possibility of ever aligning with the GHG Scope 2 protocols. There are existing problems in large consumers investing in renewables generation but not buying accredited renewable electricity whilst still seeking to lay claim to renewable electricity use.

Consumers seeking to buy a car don't normally invest in building car manufacturing plants and continue to walk.

## Response to Question 29

Renewable electricity use must be defined in law, and consumers seeking GreenPower and accredited renewables have by their actions supported a market based accounting approach to make this possible. Market based reforms for customers to buy legitimate and fairly priced renewables must be the focus. Who owns or invests in building the generation infrastructure is not the focus of consumer needs.

### 5.7.3 Real-time 24/7 load-matching

#### Consultation Questions

28. How important is 24/7 renewable electricity coverage to businesses in Australia? Are companies prepared to pay more than normal GreenPower for a 24 / 7 load-matched product accredited by GreenPower?

Real time load matching is not an appropriate criterion to consider under GreenPower or accredited renewable electricity. It is a concept that has been used in direct contradiction to purchasing renewable electricity and is yet another non legislated method that some use to claim use of renewable electricity multiple times.

With multiple sources across wide grids and with increasing levels of pumped storage, battery storage and synchronous condensers, the concept of load matched renewables has diminishing relevance.

There should be one market-based method for end users to buy and claim renewable electricity

## 1. Did we forget anything?

#### Consultation Questions

31 In your experience with GreenPower, is there anything else that could be done to improve the efficacy and effectiveness of the program?

The key areas where the GreenPower Program should focus attention on are:

- Ensuring a legal foundation for consumers to claim renewables use and zero electricity scope 2 emissions.
- Prevention of systemic double counting of renewables use and zero electricity emissions (LGC surrender does not prevent systemic double counting, it causes it).
- A focus on establishing fair pricing structures.
- Transitioning the program to the federal Jurisdiction where DCCEEW have responsibility for national greenhouse and energy accounting rules and ensuring that GreenPower is consistent with those rules.
- A framework that supports open and accessible engagement with GreenPower customers and more regular public engagement and consultation.