



Dear Sir or Madam

Re: Response to the GreenPower Program Review consultation paper

Thank you for the opportunity to provide feedback on the GreenPower Program Review Public Consultation paper released in February 2015. We appreciated the clear presentation of future options in the paper, as it made the task of analysing their impact much easier.

1. How GreenPower is used under NABERS

NABERS is a national rating system administrated by the NSW Office of Environment and Heritage which measures the environmental performance of Australian commercial buildings. A NABERS Energy rating is a methodical assessment of the energy performance of buildings under operation, based on a building's carbon emissions measured during a 12 month period. Building performance is communicated as a star rating (a one to six star scale) which depends on how a building's emissions compare to similar buildings in the market.

NABERS has been a long-standing supporter of GreenPower since our rating scheme was first released in 1999. When a NABERS Energy rating is conducted, two star rating results are provided:

- A NABERS Energy without GreenPower, representing the energy efficiency of a building, and
- A NABERS Energy including GreenPower, representing its carbon performance.

A NABERS Energy including GreenPower recognises the use of GreenPower as a mechanism to offset building emissions, and it is used by many buildings to improve their rating. GreenPower is the only carbon off-set mechanism currently recognised under NABERS, and it was used by over 180 commercial buildings in their ratings for a total of 47 million kWh of GreenPower in 2014 alone.

2. Feedback on the options for the future of GreenPower

As the NABERS National Administrator, we are providing brief responses to the proposed options for improvements to the GreenPower program as outlined in Chapter 6 of the consultation paper. Specifically, comments are provided for changes which would have a direct impact on the use of GreenPower in the NABERS program.

R8: Incorporate renewable electricity from the grid into calculations of the percentage of GreenPower

This option would have a significant impact on the way GreenPower is used under NABERS Energy, but the consequences of this change are not discussed in the consultation paper. We understand these impacts may also affect buildings being assessed under the Green Building Council of Australia's Green Star Performance tool.

NABERS Energy uses carbon emissions as its key metric and follows Australian and International standards for carbon accounting. As GreenPower is a carbon-offset mechanism under NABERS Energy,

the treatment of GreenPower is also subject to these standards. The consultation paper did not address the impact the proposed changes would have from a carbon accounting perspective, specifically that electricity sold as "100% GreenPower" would no longer be carbon neutral.

The following example illustrates our understanding of the difference between the current and proposed approaches, for a building in NSW using 100 kWh of electricity and purchasing 100% GreenPower.

- **Current approach:**
 - Electricity emissions = 100 kWh x 1.06 kg CO₂/kWh = 106kg CO₂
 - GreenPower offsets = (100 kWh x 100%) x 1.06 kg CO₂/kWh = 106kg CO₂
 - Building emissions = 0kg CO₂
- **Treatment under Proposal R8:**
 - Electricity emissions = 100 kWh x 1.06 kg CO₂/kWh = 106kg CO₂
 - GreenPower offsets = (100 kWh x 85%) x 1.06 kg CO₂/kWh = 90kg CO₂
 - Building emissions = 16kg CO₂

In short, the changes introduced by this proposal would mean that this user could no longer purchase 100kWh of certified GreenPower, only 85kWh. Carbon neutrality could therefore no longer be achieved through the use of GreenPower. This is likely to diminish the value of the GreenPower product among the many customers who use it as a way to reduce their emissions, including many commercial buildings.

This change would also reduce the impact of one unit of GreenPower electricity in a NABERS Energy star rating result, further diminishing its value for buildings participating in NABERS. We suggest the proposed change is assessed carefully to determine whether the benefits effectively outweigh the negative consequences this change is likely to produce.

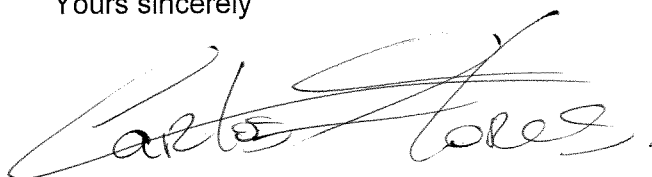
R9: Remove block-based GreenPower Products

It is unclear as to whether the "block-based" purchases described in the paper also include all types of bulk purchases of GreenPower. It is important to highlight that procuring GreenPower in bulk is highly popular in commercial buildings because of the economies of scale reached when purchasing it at a portfolio level. Removing the option to purchase GreenPower in bulk is likely to negatively impact the uptake of the product among commercial buildings.

On behalf of NABERS, I would like to thank you for the opportunity to provide feedback on these proposals and we look forward to further our collaboration with the GreenPower program into the future.

Please contact me on (02) 9995-5495 or carlos.flores@environment.nsw.gov.au if you have any questions.

Yours sincerely



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