

NORTHERN RIVERS ENERGY

GreenPower Program Review – Public Consultation Paper, February 2015

Response By: Northern Rivers Energy

Steven Harris
3/27/2015

Contact Information:

Email: steve.harris@nre.org.au

Phone: 0417 564449

Please Note: The section from *“Background to “Comments on other issues raised”* contains commercially sensitive information and insist this is to be kept confidential

Introduction

Northern Rivers Energy (NRE) is delighted to be able to input into the future direction of the Green Power Program. Green Power and its operation is vital to the implementation of our plans in the region to encourage the uptake of renewable energy and assist the region to take ownership of Greenhouse Gas Emission (GHGE) issues and produce as much renewable energy locally as possible.

Background

NRE is in the process of establishing a community owned renewable energy company situated on the pristine north coast of NSW with a primary focus to assist the local communities to take strong action to reduce their greenhouse gas emissions from the use of energy.

The absence of leadership at the Federal level, the removal of a price signal on CO₂, and general lack of support from the large energy companies has created a strong desire in our local community, and similar communities across Australia, to take matters into their own hands to reduce greenhouse gas emission, and to act on the phrase “think globally, act locally.”

Northern Rivers Region which covers the seven Local Government Areas from Grafton in the south to the Tweed in the north: a population of some 300,000. The people of the region value the environment they live in and are passionate about protecting it. There is a strong sense of community and an overall environment in which being “green” is just the way life is lived.

A number of community groups in the region have received grants from the NSW Government to develop renewable energy projects. These include: Community Owned Renewable Energy Mullumimby Group (COREM); The Northern Rivers Bio-hub project: Lismore Community Solar farm (Starfish Initiatives and Lismore City Council); and Tyalgum Energy Project. Additionally projects have been funded in areas surrounding the region: in Uralla, Dorrigo and Coffs Harbour.

At the local government level, the councils in the region are supportive of the development of the renewable energy industry, with strong and committed support from a number of them. Lismore Council has adopted (2014) a Renewable Energy Master Plan with a goal to self-generate all its electricity from renewable source by 2023, while Byron Shire has announced its intention to work with Beyond Zero Emissions to become Australia’s first zero emissions community.

As a trusted and local retailer NRE will work closely with the above and all other groups and local government bodies in the shire to help drive the focus on using renewable energy and reducing the region’s greenhouse gas emissions (GHGE) by offering a range of affordable green power products, supporting local green power producers and local communities wanting to build their own renewable generation facilities.

There is also very strong interest from other communities across Australia in establishing a similar structure to achieve their renewable energy goals.

NRE's Objective is to facilitate both the increased generation of renewable energy and the increased take-up by consumers of renewable energy with the overall goal of zero greenhouse gas emissions by 2020. This will be achieved by customers voluntarily offsetting 75% of total energy greenhouse emissions while the balance will be provided from profits.

Comments on Issues raised

It is with this background in mind that we have a strong, recognisable and credible GreenPower program to give customers confidence in what they are buying and a framework to support the new small scale renewable energy projects planned for the region.

R4 – W strongly support the reinstatement of STCs into the GreenPower program.

Of all the issues raised in the Consultation Paper, the most important to NRE is R4, the inclusion of STCs in the program. We will therefore address this first and comment on the other issues later.

To paraphrase the aims of the GreenPower program, it is to encourage the use of renewable energy to reduce Greenhouse Gas Emissions. There has been a distinct lack of leadership from Governments over climate change and communities now want to take action in their local communities. Communities want to engage locally and want to see tangible evidence of investment. To this end the communities are prepared to invest in their own renewable generation projects and purchase the output, preferably as accredited GreenPower.

The way it currently stands, the only option for customers to support renewable energy that goes beyond the RET is to buy GreenPower from a large scale renewable generator. In most instances this will be wind from Vic, SA or southern NSW. This does not satisfy the local desire as there are no large scale generation projects possible in this region in the foreseeable future. Wind is not viable; sugar cane waste is not allowed; (waste to energy) leaving only large scale solar projects.

Communities around the world have demonstrated what can be achieved once the community becomes engaged and empowered via local projects. Unfortunately it is difficult for the local community to get excited about a project 1000km away in another state. Hepburn wind is a great example of what a local community can achieve if the project is local. We in the Northern Rivers what to do similar amazing things but are largely restricted to solar in relation to GreenPower approved projects. Without STCs in the GreenPower program our ability to engage with the local community or for them to support renewable is a massive opportunity which will be lost. Local communities want local solutions!

As outlined above, the community is planning a number of renewable (solar) projects for the region as well as encouraging new solar installations on residential and business roofs. Using STCs generated from these projects via GreenPower is critical in keeping the solutions and results of lower GHGE in the region, to be counted as regional reductions, not sold to retailers to meet their regulatory obligation associated with the RET, which is the only option available under the current arrangements in relation to STCs. This does nothing to for those wanting to invest in projects to go over and above the RET as the GreenPower program is designed to do.

We note that prior to the introduction of the multiplier, RECs from small scale solar were considered legitimate to be included in GreenPower. We fully understand and support the reason for them being removed once the multiplier was introduced, as it did distort the program. Now the multiplier no longer exists we see no legitimate reason STCs from solar should not be reinstated.

We note that there is a suggestion that if STCs were reinstated one option would be to only count exported energy, not energy offset in the premises. We do not support this position as no simple mechanism exists to facilitate this and would require a completely new process for dealing with the energy generated that is used in the home. The STC is the most efficient and equitable mechanism for dealing with this market. Splitting the value of the STC would render it useless in the RET market, substantially reducing its value. The energy used in the premises should be counted as it is offsetting any energy imported from the grid. If there are concerns over deeming, particularly with sub standard equipment then maybe a discount factor could be applied, although this would disadvantage customers with quality systems who spend more and need the full value of the STC to support their decision to purchase quality product. It may inadvertently push customers to lower quality equipment.

Comments on other Issues Raised

Note: We have only commented on issues that we have a view on. If we have not commented we are neutral.

A2- Update the aims

Support - Providing it includes Small Scale Renewables

A4 - Introduce Targets

Do not support –Targets are good idea but too difficult to implement. Need to focus on delivering the core of the program

G2 & G3 – Expansion of stakeholders

Support the need to have wider representation, particularly from the energy industry who have the customers and can make or break the program depending on their attitude. Whether this is via expanding the steering group or a reference group, we have no strong view either way.

G4 – Governance by alternative organization

Do not support at this point in time. It logically sits within the Commonwealth sphere for all the reason outlined but until there is strong support from both sides of politics on the need for strong action to address climate change, the program could be abandoned too easily. eg RET

F2 – Raise additional funds

Support the principle of raising fees to promote awareness of the program, providing it does not price out small retailers.

F4 – Real-time fees for providers

Support - providing it can be implemented without additional cost to the program

M4 - Refresh and relaunch

Support. Of all the options outlined from M1 to M7, this is our preferred option

M7 - Innovative product offerings

Support - Do not see this as incompatible with M4. Clearly need for electric vehicle product plus other innovations should be welcome to keep program relevant to changing technologies

R1 – No change

Do not support – We believe there are several changes required to the rules to allow GreenPower to move forward. Maintaining the status quo is not an option

R2 _ Relax the minimum renewable energy input requirement

Do not support –

R3 – Strengthen Green Power Generator eligibility requirements

Support

R4 – Small Scale generation

Support – see earlier comments

R5 – Redefine new generation

Do not support – Could lead to perverse outcomes for little benefit

R6 – Increase the minimum GreenPower content of residential products

Support – Improves the integrity of the program

R7 – Lower the threshold for large customers to use the logo

Do not support - Understand the issue but concerned about the integrity of the program.

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

Support – This is the right thing to do. However acknowledge concerns about complexity. Maybe for retailers who cannot change their billing system easily there should be an option to leave it at 100%

R9 – Remove block based Green Power products

Support – These are misleading

R10 – Review eligible generation technologies

Support – Agree waste to energy should be included under certain criteria. EG sugar refineries are a good example of a generator that uses waste by products that would otherwise be burnt in an uncontrolled manner; potentially release more GHG that would otherwise be the case.

R11 – Expand the GreenPower product family

Support – Many of the ideas mentioned seem to have merit and agree a discussion paper on these ideas is needed before a decision is made.

R12 – Strengthen Contractual obligations for Green Power Providers

Do not support the options proposed. However, open to consider other options.

If a retailer fails to provide the GreenPower promised, they should lose their accreditation, be named and shamed. As an alternative to the levy, would it not be possible to include a fine that will stand up in court as part of the agreement or through the ACCC under misleading conduct?

Provision of GreenPower data is likely to add additional reporting obligations to retailers already heavily burdened with mandatory reporting. Given the programs limited budget the data is unlikely to be used in any meaningful way.

R13 Streamline Auditing of Providers

Support

A1 – Confirm the additionality of GreenPower

Support

A2 Simplify the LGC surrender process

Support

A3 - Introduce opt out requirements for GreenPower

Do not support – This is not the answer to increasing take up. This will only add cost to retailers when customers cancel after first bill. We want customers who are willing to do their bit, not those are inadvertently forced onto the program.

Increasing customer take up is about education at the time of sale or contact.

About the Author

Steve Harris has had a long association with Green Power, from the time it was developed by Bridget Macintosh and Kathy Zoi at SEDA through to providing industry input into the rules associated with accreditation. Steve was responsible for creating one of Australia's first GreenPower programs and the first Victorian GreenPower program to be accredited under the NSW SEDA program. Steve went on to conceptualise design and implement Australia's largest and most successful GreenPower program with over 500,000 GreenPower customers, using GreenPower as a differentiator in the then newly opened competitive retail market. He was responsible for Creating the first fixed price fixed percentage product ie \$1 week for 25% GreenPower.

While Steve was responsible for Origins GreenPower program, Origins GreenPower products were recognised by NGOs as the market leader on the 3 occasions that assessments were undertaken at that time. Steve has an intermit knowledge of customer behavior in relation to GreenPower and what drive take up and retention. He has provided many insights in the past to the GreenPower steering committee on issues associated with marketing GreenPower and identified flaws in the program, most of which were acknowledged and changed. After retiring from 40 years in the electricity industry, Steve joined NRE to assist with the development of their renewable energy business and become Australia's first community owned energy retailer.