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# **Total Environment Centre**

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## **Submission to GreenPower Review**

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## **Total Environment Centre's National Electricity Market advocacy**

Established in 1972 by pioneers of the Australian environmental movement, Total Environment Centre (TEC) is a veteran of more than 100 successful campaigns. For nearly 40 years, we have been working to protect this country's natural and urban environment, flagging the issues, driving debate, supporting community activism and pushing for better environmental policy and practice.

TEC has been involved in National Electricity Market (NEM) advocacy for ten years, arguing above all for greater utilisation of demand side participation — energy conservation and efficiency, demand management and decentralised generation — to meet Australia's electricity needs. By reforming the NEM we are working to contribute to climate change mitigation and improve other environmental outcomes of Australia's energy sector, while also constraining retail prices and improving the economic efficiency of the NEM — all in the long term interest of consumers, pursuant to the National Electricity Objective (NEO).

### **GreenPower review**

TEC welcomes the opportunity to participate in this review. We have been, and continue to be, strong supporters of GreenPower (GP). Due to limited time and resources we have constrained our responses to what we regard as three key issue and several options for reform of the program rules.

In summary, in our view GP will face serious challenges in the context of the revolution in decentralised energy — especially as distributed battery energy storage reduces consumers' reliance on grid power — unless there are major reforms. However, two factors that are likely to continue to be relevant in the era of decentralised energy are:

1. The continuing desire of consumers to invest in additionality where government policy is not regarded by consumers as being strong enough to effectively tackle climate change (as is currently the case with the demise of the carbon price and the introduction of a wholly inadequate alternative by the current federal government), in which case they are looking to show more personal commitment.
2. The fact that renters and residents of apartment buildings and commercial tenants are unlikely to be able to generate their own power, and may therefore continue to support renewable energy investment by other means (which may also apply to a lesser extent to some low income or otherwise disadvantaged owner-occupier households). GP would still only be one option among several for such households and businesses, with others including investing in community energy or buying their energy from 100 per cent renewable gentailers.

The second main issue that is raised in the consultation paper but which should be front and centre of this review is the absence of a simple, coherent and compelling narrative about what GP is and how it works. Even among stakeholders who attended the 2014 GP review workshop there were widely differing descriptions and understandings. Is it an offset, an investment or a tariff? Looking at the current website, not only is such a characterisation missing from the homepage, but there are separate links for the headings "About us", "What is GP", "Why GP" and "How GP works". The casual visitor is likely confused or discouraged. In our view, the scheme's administrators need to come up with a simple and compelling one sentence description of what it is and how it works that is more explanatory than "Helping Australia transition to renewable energy".. The pitch should focus on additionality — but if you can come up with a better term, perfect.

The third main issue for TEC is that the integrity of GP is tainted by 10 and 20 per cent products, giving the impression of tokenism or greenwash. We understand that to some stakeholders, 10 or 20 per cent is seen as better than nothing, and that the hope is that such customers may later increase their GP percentage.

However, the evidence is that the reverse movement is more common. Given the need to rapidly transition to a clean energy economy, what is the point of a product that appears to be allowing consumers the option of investing even less in GP than the current grid average of 13 per cent renewables? GP should be the gold standard, not the lowest common denominator.

This low entry threshold appears to be linked to a desire by the scheme's administrators to not mention the 'C' word. While we understand the difficult political context within which GP and the rest of us currently operate, GP could actually hinder the shift to a clean economy if it aims lower than Australia as a whole needs to in order to play its part in reducing global emissions. By offering 10 and 20 per cent products, GP is effectively saying to customers, "We think anything is good enough." It isn't.

The remainder of this submission deals with specific options for reform of the program rules (6.7).

#### ***R4: Support small-scale generation***

TEC agrees with this proposal, since it would allow GP to tap into a huge new market and strengthen the currently missing link (for most customers) between generation and GP purchases. However, customers would have to sell GP certificates **instead** of STCs to avoid double dipping. As long as the federal government doesn't include GP in the RET this would create more additionality instead of STCs contributing to the existing RET.

The issue of "distinguishing STCs created since the removal of the multiplier from those that have had a multiplier applied" could be handled by only allowing new PV systems to qualify as GP generators.

A related barrier the review identified is that STCs are deemed values over 15 years, whereas other GP purchases are for actual energy outputs (whether behind the meter or into the grids). It would be too hard to only pay for half-hourly energy outputs though, and few would choose this option instead of getting an upfront discount for deemed STCs, so we recommend that deeming be permissible in the case of small scale PV systems.

#### ***R6: Increase the minimum GreenPower content of residential products***

#### ***R7: Lower the threshold for large customers to use the GreenPower logo***

Based on our earlier argument, in order to increase the scheme's credibility we regard 50 per cent as the minimum GP product that should be available. For the same reason, we regard any proposal to lower the threshold for large customers to use the GP logo below 10 per cent as ludicrous. The statement that "An investment in GreenPower of less than 10% could still amount to a large level of support for renewable energy for these large organisations" ignores the fact that large customers are also large greenhouse emitters, and GP should not be providing a fig leaf for their pollution. Instead we recommend that the threshold for logo use should instead be increased to a minimum of 25 per cent.

#### ***R10: Review eligible generation technologies***

TEC is the lead organisation in the Boomerang Alliance, which campaigns for a 10 cent refund on bottles and cans to reduce the litter and double recycling rates across Australia; tyre recycling and an end to illegal tyre dumps; and more e-waste/battery recycling. We are therefore acutely aware that there are serious environmental issues concerning waste to energy, including greenhouse and dioxin emissions and the fact that there are usually higher value uses for these waste streams. There are few waste to energy plants that are based on genuine source separation of waste (ie not comingled waste) with the residual converted to energy – most plants used mixed waste with its toxic pollution risks and cannibalising of materials that should be used for higher order waste recovery. While we acknowledge that "eligibility to generate GreenPower should align with eligibility for accreditation under the LRET" as much as possible, we consider

that it would greatly undermine the environmental integrity to make waste to energy plants eligible for GP accreditation.

***R11: Expand the GreenPower Product family***

TEC's involvement with the pending establishment of Northern Rvers Energy, Australia's first community owned local renewable energy retailer, leads us to wholeheartedly endorse the introduction of a product such as **GP Direct**, since it would enable customers to see that their GP purchase is being invested locally in real renewable energy power stations providing local jobs. Our involvement in the Coalition for Community Energy leads us to recommend that this be renamed to GP Local, to reflect the desire of many people and groups to buy locally generated renewable energy.

The suggestion of "**A GreenGas Product**, offering gas from renewable sources or with eligible offsets applied" is not clear, since biogas generators are already eligible for GP approval, and there is no biogas in the reticulated supply. We gather this refers to offering gas customers a GP product specifically linked to biogas generators. This is reasonable, although the link is purely symbolic, since as far as we are aware existing biogas production is neither delivered into the reticulated supply nor bottled for other customers. There may be a problem, however, in guaranteeing that new biogas will be generated in the year following a GP purchase, in view of the small size of Australia's bioenergy industry and the high capital cost of these plants.

Alternately, GP could encourage more gas retailers to offer generic GP products. TEC co-created the Green Electricity Guide with Greenpeace, and since launching in August 2014 we have had numerous enquiries from site visitors wanting to know how they can buy "green gas" – or at least, the cleanest gas retailer. There is no such thing in Australia, and with CSG already part of the reticulated supply in Queensland and NSW, many gas consumers want to at least offset their greenhouse pollution.

Yours sincerely,



**Jeff Angel**  
Executive Director