



GreenPower Program Review

Final Report, June 2015

ABOUT THE AUTHORS



The Institute for Sustainable Futures (ISF) at the University of Technology, Sydney has a mission to create change towards sustainable futures. We work with industry, government and the community to pursue this mission through research and consultancy. We adopt an inter-disciplinary approach to our work and engage our partner organisations in a collaborative process that emphasises strategic decision-making.

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ACKNOWLEDGEMENTS

The authors would like to thank the members of the National GreenPower Steering Group & Advisory Groups that have provided input to this Review. The National GreenPower Steering Group has representatives from NSW Trade and Investment, Sustainability Victoria, the South Australia Department of State Development, the ACT Environment and Planning Directorate and the Tasmanian Department of State Growth (Observer Member). The Advisory Group has representatives from NSW Trade and Investment, the Energy Retailers Association of Australia, WWF, the Public Interest Advocacy Centre and the Clean Energy Council. We would also like to thank the many stakeholders that have provided input to the Review to date through workshops, conference calls and interviews, as listed in Appendix A.

CITATION

Cite this report as:

Riedy, C, Jackson, M, Berry, F, Downes, J, Harris, B, Matyus Flynn, S, Saintilan, C and Levine, D (2015), *GreenPower Program Review: Final Report*, prepared for NSW Trade and Investment by the Institute for Sustainable Futures, UTS and Republic of Everyone, Sydney, Australia.

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FOREWORD

The National GreenPower Accreditation Program is a voluntary renewable electricity accreditation program established in 1997. The Program accredits renewable energy generators and retail electricity products, providing electricity consumers with the opportunity to voluntarily purchase renewable electricity. The National GreenPower Steering Group commissioned the Institute for Sustainable Futures to undertake a comprehensive review of the Program.

The aim of the Review is to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness in a changing policy environment and market context. The Review examined the governance, funding, program rules, and marketing and promotions of the GreenPower Program. The Review seeks to identify a sustainable long-term governance and operating model for the Program.

This Final Report summarises the findings and recommendations of the Review for consideration by the National GreenPower Steering Group and the respective jurisdictions.

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EXECUTIVE SUMMARY

The National GreenPower Accreditation Program is a voluntary program, established in 1997, for providing accredited renewable electricity to households, businesses and event organisers. It is governed by state and territory governments and funded by users. The Program has the following aims:

- To facilitate the installation of new renewable energy generators across Australia beyond mandatory renewable requirements
- To encourage growth in consumer demand for renewable energy
- To provide consumer choice for, and increase confidence in credible renewable energy products
- To increase consumer awareness of renewable energy and greenhouse issues
- To decrease greenhouse gas emissions associated with electricity generation.

The NSW DTI appointed the Institute for Sustainable Futures (ISF, University of Technology Sydney) to undertake a comprehensive Review of GreenPower during 2014-15. Republic of Everyone (RoE) provided specialist marketing expertise to ISF. The aim of the Review was to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness. The Review considered the current and emerging policy and regulatory context, consumer priorities and developments in the energy and carbon marketplace. In this context, it examined the governance, funding, rules, marketing and engagement of the GreenPower Program. The Review seeks to identify a sustainable long-term governance and operating model for the Program.

The Review provided multiple opportunities for stakeholder consultation, including liaison with an Advisory Group made up of

industry, environmental and consumer representatives, forums with Providers and Generators, focus groups with customers, two cross-sectoral workshops, and a public consultation period. This Final Report presents our recommendations for the future of the GreenPower Program, drawing on the diverse stakeholder input.

Evaluation of the GreenPower Program

The GreenPower Program can point to significant achievements against all of its aims. However, the aims are mostly so broad that the exact contribution of GreenPower relative to other programs is unclear. There is certainly evidence that GreenPower played an important role in stimulating support for renewable energy in Australia at times in the past, but that role has declined in recent years. Falling customer numbers and GreenPower sales indicate that the Program is not as attractive to consumers as it once was, that current approaches to marketing and engagement are not having the desired impact, or that competition from other products has eroded demand for GreenPower.

GreenPower operates in a very different environment to what existed in 1997. The Program has adapted over time to this changing environment, for example by drawing on regulatory mechanisms established under the mandatory Renewable Energy Target and changing to a user-funded model. However, the aims of the Program remain unchanged and may need revision to match the current and emerging context.

The Program is vulnerable to changes in other programs that are beyond its control. For example, the removal of the RET would remove the key mechanism for accrediting renewable energy generation under the GreenPower Program. While alternative mechanisms could be developed, the need to establish new institutional infrastructure to support these mechanisms is not particularly attractive.

The Review identified ongoing uncertainty about the relationship between GreenPower and Federal Government programs. While renewable energy sold as GreenPower is clearly additional to the mandatory requirements of the RET, it is less clear whether emission reductions achieved through GreenPower purchases are additional to national emission reduction targets. Some of the GreenPower customers and other stakeholders that participated in the consultation placed a high value on additionality and felt that the lack of clarity from the Federal Government on this issue undermines the credibility and attractiveness of the Program. Addressing this issue was the highest priority for those stakeholders. However, previous market research indicates that the majority of customers are less concerned about additionality, which makes it difficult to judge the level of resources that should be committed to resolving this issue.

Aside from additionality, consultations to date indicate that the GreenPower Program is generally a well-designed Program that continues to offer an important choice for customers that wish to voluntarily support additional renewable energy. Stakeholders want the Program to continue and do not see a need for wholesale redesign or restructuring. Nevertheless, the Review identified opportunities to revise the vision and aims of the Program and to make improvements to its governance, funding and rules so that it operates more efficiently and fairly. Further, most stakeholders consulted during the Review did see a need to reinvigorate the marketing and engagement strategies of the Program in collaboration with GreenPower Product Providers.

Recommendations

The Review makes 18 recommendations for improvements to the GreenPower Program, in relation to the Program's vision and aims, governance, funding, marketing and engagement and rules. The recommendations are summarised in Table S1 and Figure S1. The wording of several of the recommendations in Table S1 has been shortened to save space. A full compilation of the recommendations can be found in Table 3.

Table S1 indicates our view on the priority of each recommendation as high, moderate, or low. This reflects the strength of feeling about these ideas in the stakeholder feedback and our own views on which recommendations are most critical to ensuring GreenPower meets its aims into the future.

Table S1 also indicates the timing of each recommendation. Many recommendations are available to commence in the short-term, although some are lower priorities and could be deferred to make way for higher priorities. Other recommendations would most appropriately be pursued as part of normal Program operations, for example through the annual advice to Providers and Generators on Program fees and annual revisions to the Program Rules.

To provide further guidance on timing, Figure S1 shows our view on the approximate order in which recommendations should be pursued, taking into account both the priority and the appropriate timing.

Table S1: Summary of recommendations.

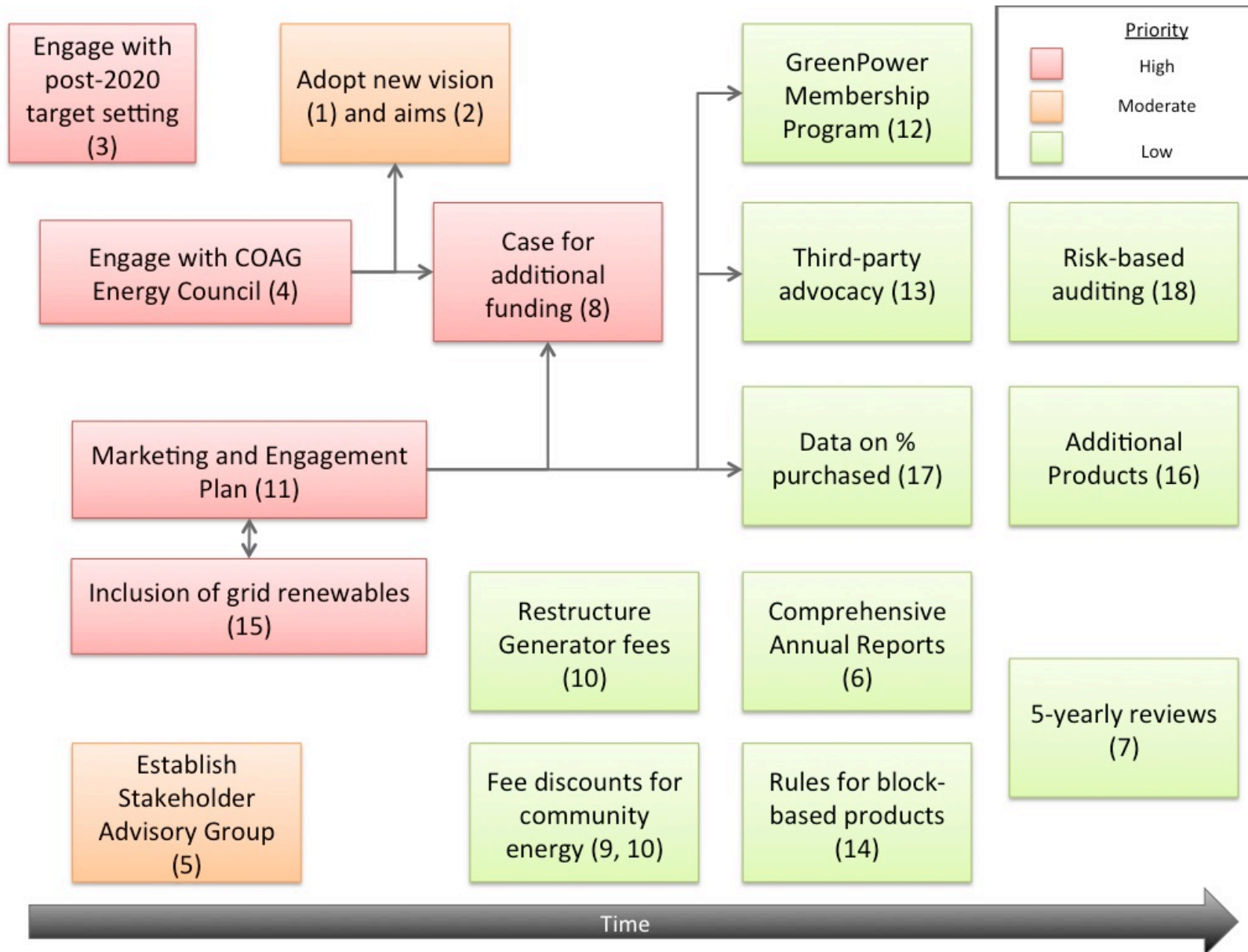
Topic	Recommendation	Priority	Timing
Aims and vision	<p>1 Adopt the following principles as part of the vision for the GreenPower Program:</p> <ul style="list-style-type: none"> • The role of the GreenPower Program is not to be the primary driver for installation of new renewable energy generation in Australia. Its role is to provide an additional market push to support renewable energy generation beyond what is mandated by governments or already commercially viable • Renewable energy generation and emission reductions achieved through the Program should be guaranteed additional to those mandated through other government policies and national emission reduction targets • The GreenPower Program should only continue to exist as long as it remains a valued voluntary action for customers and an effective stimulus for additional renewable energy generation. 	Moderate	After clarification of additionality
Aims and vision	<p>2 Adopt the following revised aims for the GreenPower Program:</p> <ul style="list-style-type: none"> • To provide electricity customers with a simple, credible option to voluntarily support Australian renewable energy • To encourage growth in consumer demand for renewable energy • To contribute to the installation and operation of new renewable energy generators across Australia, and achieve reductions in greenhouse gas emissions, beyond any mandatory requirements. 	Moderate	After clarification of additionality
Governance	<p>3 Consult with the Federal Government immediately on treatment of GreenPower in consideration of post-2020 targets, seeking a clear statement that clarifies the additionality of GreenPower.</p>	High	Immediate

Governance	4	The NGPSG should engage with the COAG Energy Council Secretariat, the Federal Minister for Industry and Science (as Chair of the COAG Energy Council) and Council members in each jurisdiction to include a discussion about the GreenPower Program on the agenda for an upcoming COAG Energy Council Meeting. Points to address in this discussion include jurisdictional commitment to the Program, alternative governance models, the vision and aims, additionality of GreenPower and relationships to other programs. Full details are provided in Section 6.3. Should the NGPSG be unable to take forward this recommendation, other avenues for engaging the Federal Government and other non-participating jurisdictions should be pursued that deliver similar outcomes.	High	Available to commence
Governance	5	Establish a permanent Stakeholder Advisory Group to advise the NGPSG on: <ul style="list-style-type: none"> • Key developments in the marketplace and customer priorities • Appropriate avenues to actively engage stakeholders in Program decision-making and operations • Opportunities to increase the effectiveness of the Program. 	Moderate	Available to commence
Governance	6	The Program Manager should publish annual reports incorporating the following: <ul style="list-style-type: none"> • Strategies and actions for achieving the Program vision and aims • Readily accessible, aggregated time series data on customer numbers and sales (in graphical format that does not require additional compilation) • Reporting on the number of customers that buy different percentages of GreenPower (see Recommendation 17) • A Program budget that breaks down Program spending into appropriate line items and justifies the spending. 	Low	Annual
Governance	7	Undertake a comprehensive review of the Program every 5 years to maintain the Program’s relevance and adapt to emerging policy, market and consumer priorities.	Moderate	Next in 2020

Funding	8	Maintain total funding at levels that support existing operations until such time as there is sufficient clarity on Program aims and governance structures to build a compelling business case for additional funding.	High	Ongoing
Funding	9	Introduce a discounted Provider fee structure for small-scale community energy projects. Eligible projects that demonstrate community ownership and that have sales below the threshold for the minimum \$5,000 payment would have the minimum fee waived. Instead, they would pay a nominal fee in the first year, and then a fee proportional to actual GreenPower sales in subsequent years. Normal Provider fees would apply if sales are above the minimum threshold.	Low	In fee advice for 2017
Funding	10	Consult with Generators (and Providers) on specific proposals to restructure Generator fees to follow a sliding scale, based on total capacity of accredited GreenPower Generators. A 50% discount is recommended for small-scale community-owned generators that meet eligibility criteria. Proposals should include staged transition to ameliorate impacts on particular Generators, and should consider the overall balance between Generator and Provider fees to spread the burden equitably.	Low	Consultation in 2016
Marketing and engagement	11	Develop a detailed, fully costed <i>Marketing and Engagement Plan</i> to guide a refresh and relaunch of the GreenPower Program. The Plan should take into account outcomes emerging from COAG Energy Council discussions (Recommendation 4) but should not wait for completion of these discussions. All GreenPower stakeholders should be consulted in development of this Plan and proposed actions should be justified based on their likely impact on customer numbers and sales. The agreed Plan would be funded through increased Provider fees (Recommendation 8) and would be updated annually. Topics for the Plan to address are outlined in Section 8.2.	High	Can commence, but completion depends on clarification of additionality
Marketing and engagement	12	Establish a GreenPower Membership Program to engage the existing GreenPower customer base and improve customer retention and recognition. Specific actions to consider are outlined in Section 8.3.	Low	To follow Marketing and Engagement Plan

Marketing and engagement	13	As part of the Marketing and Engagement Plan (Recommendation 11), initiate discussion with interested third parties to secure their support for the Program. This support could take various forms, such as endorsing the Program on their website, promoting the Program to their members, or appearing in advertisements for the Program.	Low	To follow Marketing and Engagement Plan
Program Rules	14	Remove the minimum block-based Product purchase from the Program Rules and require Providers of block-based Products to demonstrate that their sales meet the minimum standard of 10% of actual household consumption.	Low	To be in place for 2018 Rules
Program Rules	15	Adopt the principle that the contribution of grid renewables should be made clear to customers in GreenPower Products and communications. To implement this principle, develop a detailed proposal for a Rule change and undertake specific consultation with stakeholders on the options presented in Section 9.2.	High	Available to commence
Program Rules	16	Develop a detailed business case and legal analysis for the following Products: <ul style="list-style-type: none"> • GreenPower Direct / GreenPower Local • GreenPower Government Direct • GreenPower Limited. <p>If there is a strong case for introducing the Products, develop a Rule change proposal and marketing and engagement strategy for the Products.</p>	Low	After other priorities
Program Rules	17	Seek aggregated data from GreenPower Providers on the number of customers purchasing Products in each GreenPower percentage band, e.g. 10%, 25%, 50%, 100%, and the average GreenPower percentage. Report this data annually, as per Recommendation 6.	Low	2016 Annual Report
Program Rules	18	Undertake consultation on adopting a risk-based auditing process, similar to the process used by the CER in auditing the RET.	Low	After other priorities

Figure S1. Suggested timing of the recommendations.



1 INTRODUCTION

This section provides background on the National GreenPower Accreditation Program and the Review of the GreenPower Program.

1.1 The GreenPower Program

The National GreenPower Accreditation Program is a voluntary Program for providing accredited renewable electricity to households, businesses and event organisers. It is governed by state governments and funded by users. The Program has the following aims:

- To facilitate the installation of new Renewable Energy generators across Australia beyond mandatory renewable requirements
- To encourage growth in consumer demand for Renewable Energy
- To provide consumer choice for, and increase confidence in credible Renewable Energy products
- To increase consumer awareness of Renewable Energy and greenhouse issues
- To decrease greenhouse gas emissions associated with electricity generation.

Under the Program, renewable energy generators can be accredited as GreenPower Generators. Organisations can become GreenPower Providers by entering into a contractual agreement with the Program Manager and packaging renewable electricity from GreenPower Generators into accredited GreenPower Products for sale to customers. There are two types of GreenPower Provider. Electricity retailers can become GreenPower Providers and sell GreenPower alongside their other electricity offerings. Other businesses can also become decoupled GreenPower Providers. Decoupled Providers do

not sell grid electricity. Instead, they offer separate GreenPower Products that are not part of electricity supply contracts.

All GreenPower Products guarantee that a certain amount or proportion of electricity used by the customer is sourced from GreenPower Generators. In 2013, the GreenPower Program resulted in sales of 1,446 GWh of renewable electricity to more than 610,000 residential and commercial customers. This constitutes an estimated 0.6% of Australia's total electricity generation as of the end of 2013.¹

The NSW Sustainable Energy Development Authority established GreenPower in 1997 and it became a national Program in 2000. Currently, GreenPower is governed by a National GreenPower Steering Group (NGPSG) with members from New South Wales, the Australian Capital Territory, Victoria, South Australia and Tasmania. NSW Trade and Investment (DTI) administers the scheme on behalf of the NGPSG.

1.2 Reviewing the GreenPower Program

In the 17 years since the establishment of GreenPower, much has changed. Recent years have seen regular shifts in renewable energy and climate policy, rising electricity prices and rapid installation of solar photovoltaics. Since 2009, GreenPower customer numbers and total sales have both declined. In this new environment, it is timely to review the future of the GreenPower Program.

¹ The most recent audited figures for the Program are from 2013. Unaudited figures for 2014 show that customer numbers continued to decline to a total of 526,180 as of 30 September 2014. Sales also declined during 2014.

NSW DTI appointed the Institute for Sustainable Futures (ISF, University of Technology Sydney) to undertake a comprehensive Review of GreenPower during 2014-15. Republic of Everyone (RoE) provided specialist marketing expertise to ISF. The aim of the Review was to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness. The Review considered the current and emerging policy and regulatory context, consumer priorities and developments in the energy and carbon marketplace. In this context, it examined the governance, funding, rules, marketing and promotions of the GreenPower Program. The Review seeks to identify a sustainable long-term governance and operating model for the Program.

The Review provided the following opportunities for stakeholder feedback:

- Initial exploration of the issues and challenges for the GreenPower Program through workshops with the National GreenPower Steering Group and an Advisory Group established for this Review that includes representatives from the Energy Retailers Association of Australia, Clean Energy Council, WWF, Public Interest Advocacy Centre and NSW DTI
- Preparation of an Issues Paper to support further consultation with GreenPower Providers and Generators
- A GreenPower Providers Forum in Melbourne on 29th May 2014 to seek input on the Issues Paper and GreenPower Program
- A teleconference with selected Generators on 19th June 2014 to seek input on the Issues Paper and the GreenPower Program
- Six focus groups with residential and commercial GreenPower customers and non-customers
- A cross-sectoral Options Workshop on 11th July 2014 with a diverse cross-section of stakeholders to assist with identifying discrete options for the future of the Program
- Interviews with a small number of key stakeholders that had not been able to participate in other workshops
- Preparation of a Public Consultation Paper outlining options for the future of GreenPower, which was open for public submissions for a period of six weeks during February and March 2015
- A Public Consultation Workshop on 16th March 2015, which was open to all interested stakeholders.

Seventeen organisations or individuals made submissions to the GreenPower Review during the public consultation period. Based on these submissions, feedback during the Public Consultation Workshop and additional analysis, this Final Report makes recommendations on the future of the GreenPower Program for consideration by the NGPSG.

1.3 Structure

The Final Report is structured as follows:

- Section 2 summarises our evaluation of the current performance of the GreenPower Program against stated aims
- Section 3 outlines how key aspects of the context for GreenPower have changed since its establishment in 1997, including changes in public policy and regulation, customer priorities and the marketplace
- Section 4 discusses the relationships between GreenPower and other key programs, including the mandatory Renewable Energy Target and various state and national emission reduction policies
- Sections 5 to 9 examine five key aspects of the Program: aims and vision; governance; funding; marketing and engagement; and Program rules. Each section develops and justifies recommendations for consideration by the NGPSG.

- Section 10 summarises the recommendations
- Appendix A is a full list of organisations that participated in the consultation
- Appendix B summarises responses to submissions received during the public consultation period
- Appendix C is the final report from Republic of Everyone on their review of Program marketing and engagement.



2 EVALUATION OF THE GREENPOWER PROGRAM

This section evaluates the current performance of the GreenPower Program against its stated aims.

2.1 Program aims

The mission of the GreenPower Program is to “drive investment in Renewable Energy in Australia, with a view to decreasing greenhouse gas emissions from the generation of electricity, by increasing awareness of, and ensuring consumer confidence in, environmentally sound Renewable Energy products” (NSW DTI, 2014).

The Program aims have been in place since the Program’s inception in 1997. The aims are:

- To facilitate the installation of new renewable energy generators across Australia beyond mandatory renewable requirements
- To encourage growth in consumer demand for renewable energy
- To provide consumer choice for, and increase confidence in credible renewable energy products
- To increase consumer awareness of renewable energy and greenhouse issues
- To decrease greenhouse gas emissions associated with electricity generation.

The sections below summarise performance against each of the Program aims.

2.2 Installation of new renewable energy

The first aim of the GreenPower Program is *to facilitate the installation of new renewable energy generators across Australia beyond mandatory renewable requirements*. In 1996-97, when the scheme was established, total renewable electricity generation in Australia was 17.9 terawatt hours (TWh), which was 9.8% of total electricity generation (BREE, 2014). By 2013, renewable electricity generation had grown to 34.8 TWh, which was 14.8% of total electricity generation (CEC, 2014).

The contribution of the GreenPower Program to the observed growth in renewable electricity generation over its lifetime is 8.6%. The bulk of the observed growth in renewable electricity can be attributed to mandatory requirements under the Australian Government’s Renewable Energy Target (RET) and other government incentive programs. As at 31 December 2013, total audited GreenPower sales were 1,446 GWh – an estimated 0.6% of Australia’s total electricity generation at that time. Audited figures for 2014 are not yet available, however unaudited figures for the first three quarters of 2014 indicate a further decline in sales of 21% compared to the same period in 2013.

GreenPower has played a more important role in the past. GreenPower sales over time are shown in Figure 1 over the page.

At the peak in 2009, GreenPower sales reached 2,195 GWh, or 1% of Australia’s total electricity generation. At the time, these sales were equivalent to about 76% of the observed increase in renewable electricity generation between 1997 and 2009. This indicates that GreenPower did play an important role in stimulating demand for renewable electricity generation before the RET started to have a substantial impact. Its contribution has fallen in recent years as customer numbers and sales have declined.

At the end of 2013, 225 Generators were accredited under the GreenPower Program. Of the 225 accredited Generators, 81 were accredited as small-scale solar generators. The GreenPower Program does not currently accept Small-Scale Technology Certificates (STCs) created under the Small-Scale Renewable Energy Scheme (SRES) so these generators are not currently able to generate new GreenPower. The remaining Generators include 62 bioenergy, 29 hydro, 4 solar and 48 wind Generators. For the purposes of the Program, new Generators are defined as post-1997, and all currently accredited Generators meet this definition.

Figure 1. GreenPower Sales (MWh) 1997-2013.

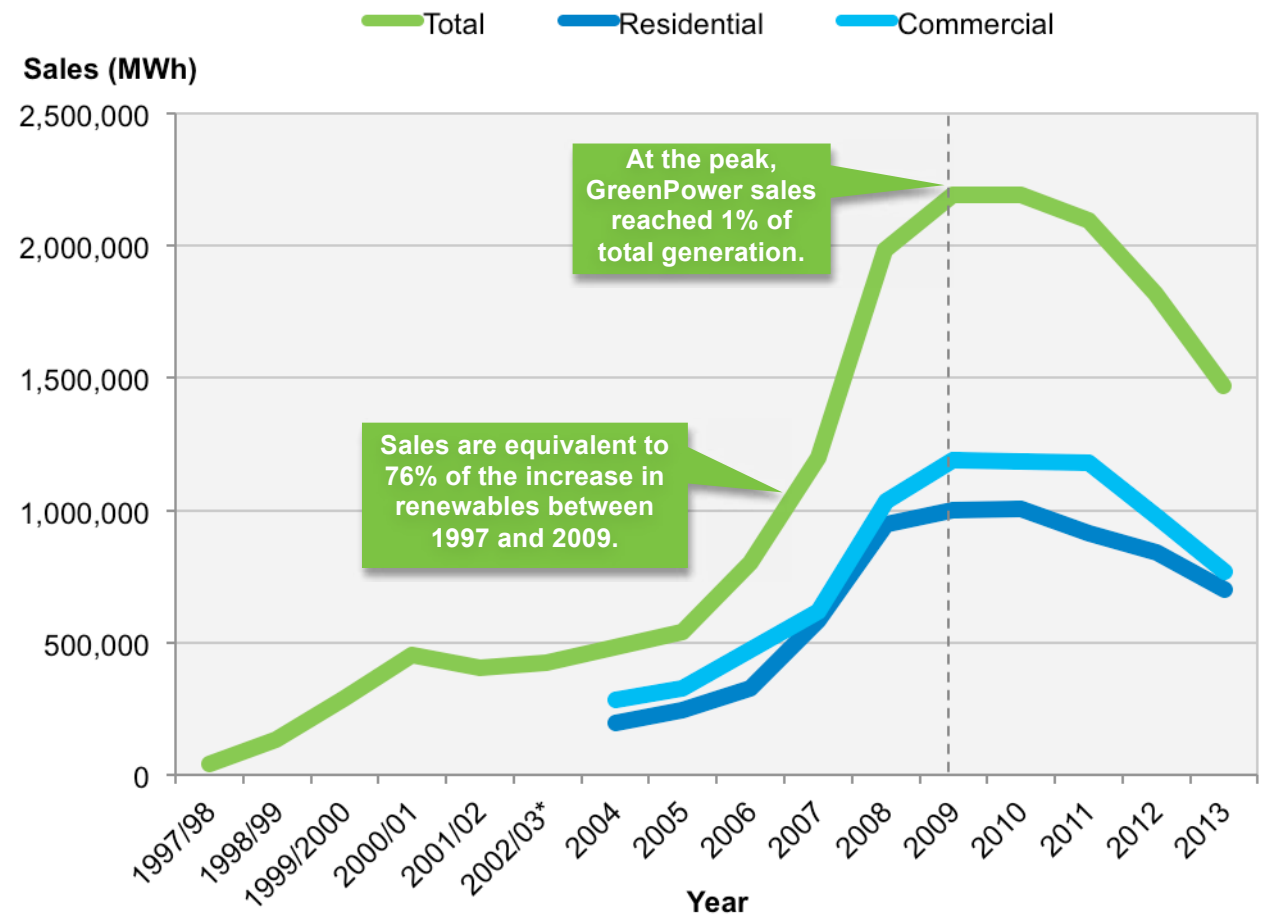


Figure 2 indicates that the number of new GreenPower Generators accredited each year has fallen over time. No new Generators were accredited in 2012 and only six in 2013. As a result, 85% of accredited Generators are now more than 5 years old. Other dynamics in the renewable energy market, such as reduced retailer demand for Large-Scale Generation Certificates (LGCs) created through the RET, have likely contributed to this trend.

Figure 2. New GreenPower Generators accredited by year.

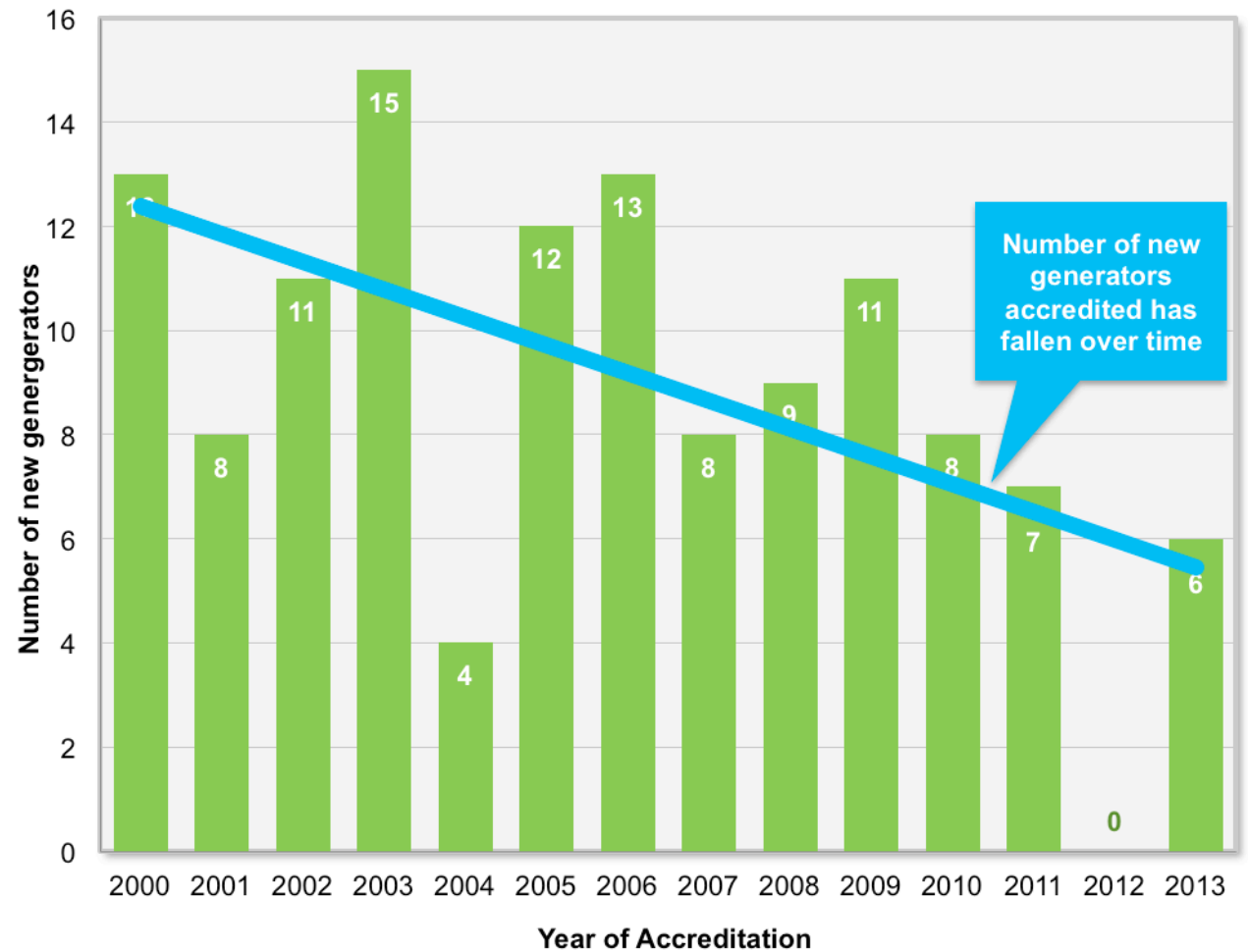
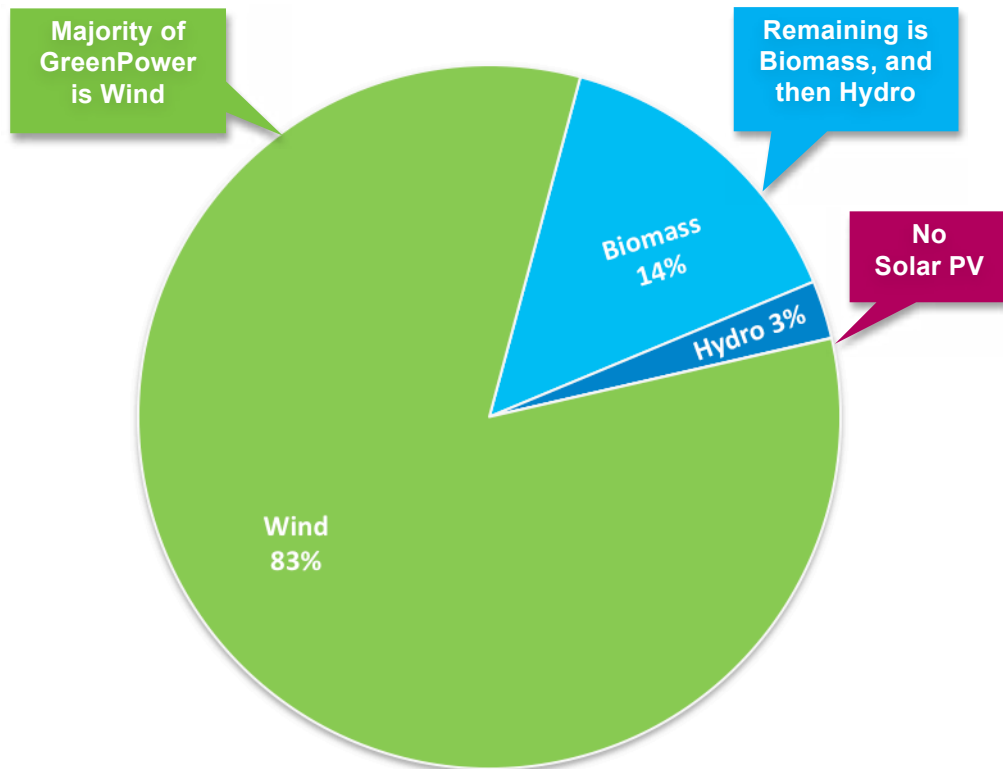


Figure 3 shows that the majority of GreenPower sold under the scheme is from wind Generators (83%), followed by biomass (14%) and hydro (3%).

Figure 3. Sources used for LGC Surrender in 2012 Settlement Period.



The evaluation here indicates that GreenPower has contributed to the installation of new renewable energy generators over time but that the Program’s role has diminished in recent years. Total renewable electricity generation through the GreenPower Program was only 4.2% of Australian renewable electricity generation in 2013. Infigen’s submission to the Review indicated that the Program has not been a significant factor in supporting its establishment of renewable energy generators, compared to the RET. While the aim to facilitate installation of new renewable energy generation is technically being met (since it is not quantified), performance against this aim is clearly declining.

2.3 Growth in consumer demand for renewable energy

The second aim of the GreenPower Program is *to encourage growth in consumer demand for renewable energy*. As discussed in the previous section, the Program has stimulated growth in voluntary consumer demand for renewable energy over its lifetime.

The number of GreenPower customers as at 31 December 2013 was 610,885. There were 578,259 residential customers and 32,626 business customers. As shown in Figure 4, customer numbers peaked in 2008², with 904,716 GreenPower customers. The majority at that time (856,892) were residential customers, while business customers reached a peak of 47,824. The percentage of residential to business customers has averaged 96% and 4% respectively since 2007.

Unaudited figures for 2014 indicate a further decline in customer numbers. As of 30 September 2014, there were 492,552 residential customers and 33,628 commercial customers, giving a total of 526,180

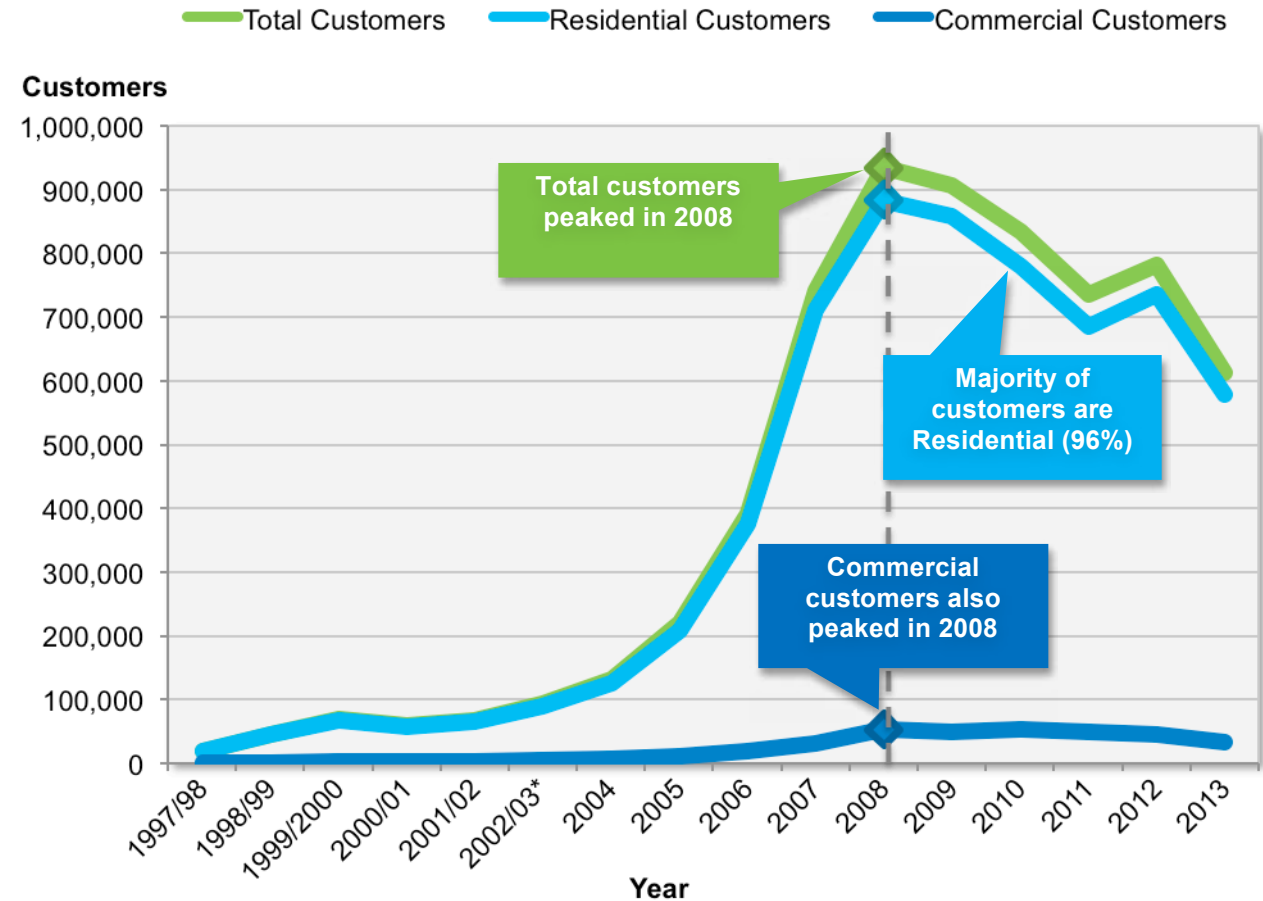
² Although less residential customers existed in 2010, more electricity was sold to residential customers: 1,007,437 MWh

customers. It is worth noting that commercial customers increased during 2014.

Despite the recent declines in customer numbers and sales, the fact that more than 500,000 customers are willing to voluntarily pay a premium to support renewable energy is a significant achievement for the Program and demonstrates that a viable voluntary market exists.

Further, as the Program aim is to encourage growth in consumer demand for renewable energy, a decline in GreenPower demand does not necessarily constitute a failure. As ERM pointed out in its submission, GreenPower may have helped customers to become familiar with renewable energy before going on to take other action, such as installing solar PV. While there is no data to prove this assertion, it is clear that the role of the GreenPower Program may not simply be to increase GreenPower sales. GreenPower provides customers with one option for supporting renewable energy within an ecosystem of other options. It may be important to overall renewable energy demand that this choice is available. In fact, for many renters or others who are unable to put solar panels on their home, it may be one of the few ways they can contribute to renewable energy in Australia.

Figure 4. GreenPower Customer Breakdown 1997-2013³



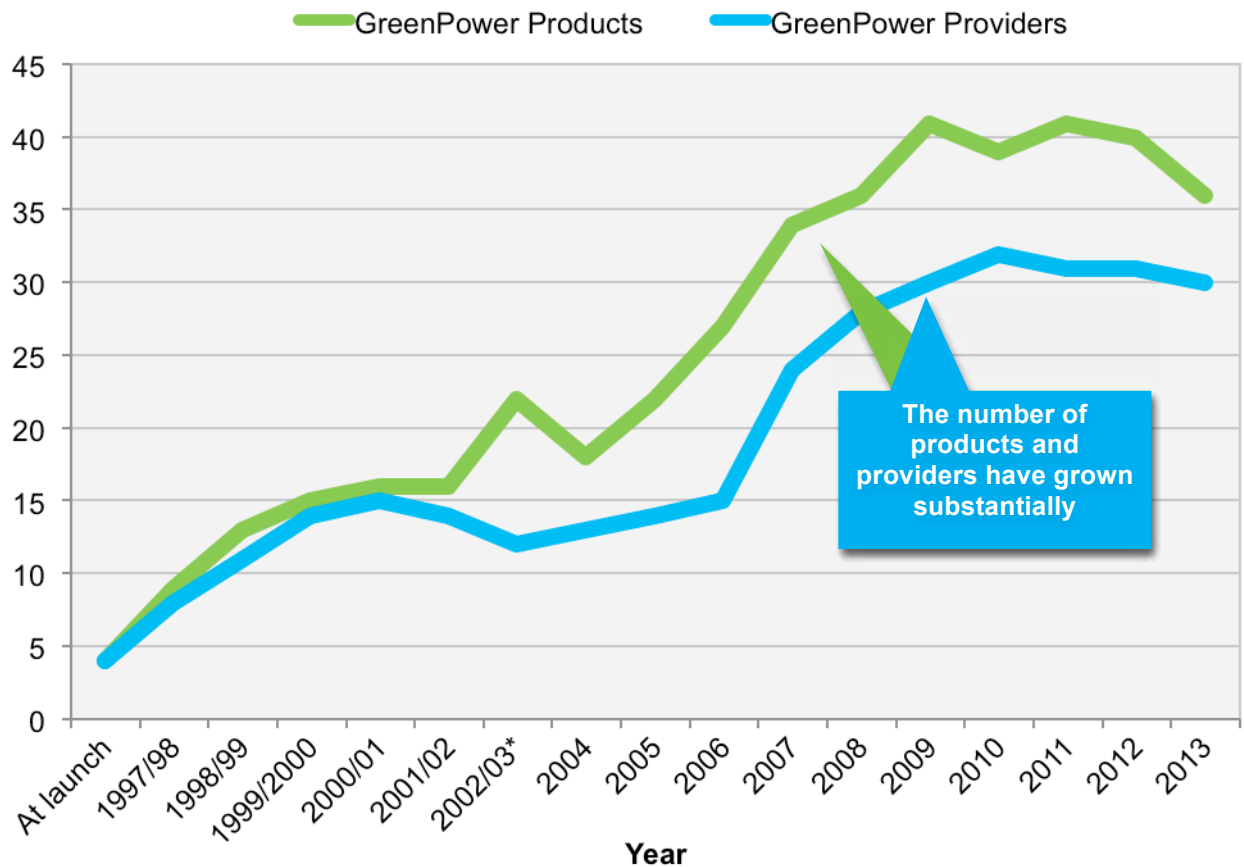
³ 2008 breakdown of commercial and residential customer numbers was not available due to an anomaly in the collection process for that year. For these purposes it has been interpolated by using the average percentage of residential and commercial for the years 2007-2013 and applying this average percentage to the total 2008 customer figure (which was available).

2.4 Consumer choice and confidence

The third aim of the Program is *to provide consumer choice for, and increase confidence in credible renewable energy products*. When the GreenPower Program began in 1997 it was the first real opportunity most consumers had to choose a credible renewable energy product. As shown in Figure 5, the total number of GreenPower Providers, and the total number of Products they offer, has grown substantially over time. This has clearly provided consumers with greater choice in renewable energy products over the life of the Program.

However, it is also apparent from Figure 5 that the number of Products and Providers has started to decline in recent years so that consumer choice within the GreenPower Program is diminishing. At the same time, consumers now have many other choices if they wish to support renewable energy, including direct installation of solar photovoltaic panels on their property, investment in community energy projects, or purchase of carbon offsets derived from renewable energy generation. GreenPower remains available as a choice for consumers, and in this it is meeting its aim.

Figure 5. GreenPower Products and Providers, 1997 to 2013.



Consumer confidence in renewable energy in Australia is generally high. Survey and polling research consistently indicates strong consumer support for renewable energy in Australia (e.g. Leviston, Price, Malkin, & McCrea, 2014). The available data do not allow quantification of the contribution of the GreenPower Program to the observed levels of consumer support but the continued presence of a credible, government-supported renewable energy purchasing option since 1997 must have helped to build confidence in renewable energy.

Consultation undertaken for this Review found high levels of consumer confusion about how GreenPower works, which undermines confidence in the Program. Stakeholders have also stressed the crucial role that government support and accreditation plays in providing consumer confidence in the credibility of the Program. How the Program continues to deliver consumer choice and confidence in a more crowded marketplace for renewable energy products is a key question for this Review.

2.5 Consumer awareness of renewable energy and greenhouse issues

The fourth aim of the Program is *to increase consumer awareness of renewable energy and greenhouse issues*. Data is not available to assess to what extent the GreenPower Program has contributed to consumer awareness of renewable energy and greenhouse issues. We can make several observations here though.

First, consumer knowledge about GreenPower products is generally low (Rundle-Thiele, Paladino, & Apostol, 2008). In 2011, less than half of households (47.6%) were even aware of the GreenPower scheme (ABS, 2011). Awareness was highest in ACT (61.6%) and Victoria (58.2%) and lowest in Northern Territory (12.1%) and Tasmania

(14.6%), where there are very few GreenPower customers.⁴ The level of awareness of GreenPower increased between 1999 and 2008, to a peak of 52%, but fell between 2008 and 2011.

Second, climate change and renewable energy issues have been prominent in the media for much of the last decade, particularly during more recent political debates about carbon pricing. These media and political discussions would have had a much greater influence on consumer awareness than a single voluntary purchasing Program like GreenPower. The fact that one in five Australian households now uses solar power (ABS, 2014) is an indicator that awareness of renewable energy has certainly increased.

Finally, even if awareness of renewable energy and greenhouse issues were high, this does not translate directly into particular kinds of action. Consumers will act on their awareness in different ways. This indicates that raising general awareness of renewable energy and greenhouse issues may not be a suitable objective for the Program. This will be discussed in more detail in Section 5.

2.6 Decrease greenhouse gas emissions

The final aim of the GreenPower Program is *to decrease greenhouse gas emissions associated with electricity generation*. Certainly, the Program does reduce greenhouse gas emissions, as the renewable energy purchased through the Program displaces other generation, typically from coal or gas-fired power stations. As GreenPower sales constitute about 0.6% of total electricity sales in Australia, the reduction in greenhouse gas emissions is small but valuable.

There are more technical questions about whether renewable energy sold through the GreenPower Program reduces emissions beyond

⁴ In the case of Tasmania, most electricity in the state grid already comes from renewable energy sources, so there is little motivation to purchase GreenPower.



Australia's international emission reduction commitments, or merely contributes to those commitments. This question of 'additionality' is important to some customers. Previous market research (Walker & Woodward, 2009) indicates that a majority of residential and commercial customers think that their voluntary purchase GreenPower should contribute to Australia doing more to reduce emissions than it otherwise would. A lack of clarity from the Federal Government on the treatment of GreenPower potentially undermines the credibility of the Program as an option for achieving additional greenhouse gas emissions. Additionality is considered in more detail in Section 5.

2.7 Summary

The GreenPower Program can point to significant achievements against all of its aims. However, the aims are mostly so broad that the exact contribution of GreenPower relative to other programs is unclear. There is certainly evidence that GreenPower played an important role in stimulating support for renewable energy in Australia at times in the past, but that role has declined in recent years. Falling customer numbers and GreenPower sales indicate that the Program is not as attractive to consumers as it once was, or that not enough is being done to reach customers through marketing and engagement.

This does not necessarily mean that the Program is failing to meet its aims, as it may continue to play an important role in the marketplace as one choice alongside others to support renewable energy and reduce emissions. It may be entirely appropriate that customers move on to other options, such as installing PV, now that these options are becoming more widely available and cost-effective. The next section considers how the changing context for GreenPower has contributed to the decline in customer numbers and sales. Section 5 considers the case for revising the aims of the GreenPower Program to better reflect the current context.



3 THE CHANGING CONTEXT FOR GREENPOWER

This section outlines how key aspects of the context for GreenPower have changed since its establishment in 1997, including changes in public policy and regulation, customer priorities and the marketplace.

Much has changed since GreenPower was established in 1997. This section briefly summarises changing priorities that could have an impact on the present and future performance of GreenPower.

3.1 Public policy

When it was first introduced, GreenPower was one of the only government policies providing support for renewable energy. Today, the GreenPower Program is just one of a dynamic suite of State/Territory and Commonwealth policies, legislation, regulation and programs that influence renewable energy uptake and shape Australia's response to climate change. Some of these interact significantly with the GreenPower Program, its potential customers and the market for renewable energy. Key policies that interact with GreenPower are described in Section 4.

The broader political environment for renewable energy has been volatile in recent years. The Australian Government introduced carbon pricing in 2012, but it was subsequently repealed in 2014. A mandatory Renewable Energy Target (RET) came into force in 2001 but has been subject to several reviews over that time (most recently in 2014) that have led to changes in its implementation. The RET was substantially expanded in 2009, increasing demand for renewable energy to meet mandatory requirements. State-based feed in tariffs for small-scale renewable energy have shifted from high levels of support to low levels of support over time. Key funding bodies that support the Australian renewable energy industry – the Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation (CEFC) – have also been advised that funding from the Australian Government may be halted in the future.

All of these changes create volatility and uncertainty for potential investors in renewable energy that has indirect impacts on the GreenPower Program. Throughout this time of uncertainty, GreenPower has been a remarkably stable Program. Maintaining this stability may be an important consideration for the future of the Program.

3.2 Customer priorities

As noted in Section 2, the number of GreenPower customers and sales of GreenPower have both declined in recent years. This trend is evident for both residential and commercial customers. Some of the observed decline can be explained by shifts in customer priorities since the introduction of the GreenPower Program, as outlined below.

Rising electricity prices

Electricity prices have increased substantially for many customers in recent years. Driven largely by the capital cost of new network infrastructure (AER, 2013a), and to a lesser extent by the costs of carbon pricing and renewable energy support, household electricity prices have increased by about 83% over the past five years (ABS 6401.0). Over the same period, the Consumer Price Index grew by only 13% (ABS 6401.0).

Market research indicates that price is already a key barrier to GreenPower uptake (Pollinate, 2010; Walker & Woodward, 2009). GreenPower Products almost invariably charge a premium price relative to standard electricity supply contracts and some question whether GreenPower delivers sufficient apparent benefit to justify its



price premium, particularly for large commercial customers (Pollinate, 2010). Customers are already paying extra for renewable energy delivered under the RET. In this context, many consumers are more interested in finding ways to reduce their bills than paying the extra cost for a GreenPower product.

It is important to note, however, that taking up GreenPower does not always cost more. A study by the Victorian Employers' Chamber of Commerce and Industry (VECCI) found that small to medium enterprises can actually save on their energy bills, while taking up GreenPower, by using brokers to negotiate a more competitive electricity tariff (VECCI & Sustainability Victoria, 2011).

Climate change fatigue

Political divisions over how to respond to climate change, the failure of international climate change negotiations to make substantial progress and confusion about climate change and carbon pricing have contributed to a sense of 'climate change fatigue' (The Climate Institute, 2013). That is, many Australians are tired of the endless debate and conflict about climate change and have switched off. In this environment, motivation to take voluntary action to respond to climate change is greatly reduced.

On the other hand, the perception that governments are failing to take effective action to respond to climate change could be a driver for some customers to take matters into their own hands through voluntary action. Thus, we might expect uptake of GreenPower to drop when there is a perception that governments have the issue in hand and to rise at other times.

Product ignorance

As noted in Section 2.5, consumer knowledge about GreenPower products is generally low (Rundle-Thiele et al., 2008). Those aware of the Program do not necessarily have a good understanding of how it works and what their voluntary price premium is contributing towards.

Consumers that do not know about GreenPower or do not understand it are obviously unlikely to purchase it.

A study of successful green energy marketing reveals the importance of weaving education throughout the marketing strategy (Rundle-Thiele et al., 2008), and GreenPower's current technical language in marketing relies on consumers to have pre-existing knowledge of green energy. Retailers are not required to disclose the fuel mix of electricity they purchase and such information is not voluntarily disclosed (Downes, Berry, & Rutovitz, 2013), so it is also difficult for customers to compare GreenPower to alternative products. Utilities are generally the first source of information customers turn to on electricity products (Opower, 2013) and if they are not actively marketing GreenPower, uptake will be low.

Local and tangible

Many supporters of renewable energy are now expressing their support directly through tangible local actions such as installing solar panels, buying into community energy facilities or engaging in bulk purchases. For many consumers, these actions feel less abstract than buying GreenPower. A GreenPower purchase supports an unknown renewable energy power station at an unknown location, and nobody else in the community knows you are doing it, so there is little social esteem accruing from the purchase. Buying your own solar panels or contributing to a community energy facility is much more tangible – buyers can point to the facility they have supported. This is an attractive prospect for many consumers.

At the same time, the cost of solar photovoltaics has decreased sharply in recent years, making it feasible for many more people to install their own solar panels. Customers who had previously invested in GreenPower often drop their investment when they install solar panels (Walker, 2011).



Consumer trust

Consumer trust in large business and government is low (Edelman, 2015), particularly in light of the shifting policy priorities outlined in Section 3.1 and the climate change fatigue discussed above. This has implications for the level of trust in the GreenPower Program and willingness to invest in a Program where the benefits may be seen as politically insecure. Existing GreenPower messaging focuses on investing in the future of the renewable energy industry, however other policy actions are potentially undermining the security of that investment – so it's actually not a very compelling argument for both consumers and business. In contrast, more direct, local and tangible actions such as micro and community renewables are a more secure investment, with direct pay back to the investor.

Market diversity

Finally, it is important to recognise that the market is highly diverse and there are many different kinds of consumer. Different market segments will have different levels of interest in GreenPower and different motivations for buying (or not buying) GreenPower products. There is no single set of consumer trends that need to be taken into account, as relevant trends will differ for different market segments.

3.3 The energy and carbon abatement marketplace

The marketplace for energy and carbon abatement has become increasingly competitive in recent years, so that GreenPower finds itself in a much more competitive environment than when it was first introduced. This section examines some of the key marketplace trends with relevance for GreenPower.

The rise of solar PV

In 2014, more than two million small-scale renewable energy systems had been installed in Australia under the RET. Investment in small-scale solar PV on households has rapidly increased in Australia from 8,000 in 2008 to over 1 million in 2013.⁵ Today in Australia, solar PV systems cost less than a quarter of what they did in 2002 (Climate Commission, 2013). During 2012–13, PV generation rose by 58 per cent, equal to around 1.3 per cent of electricity consumption, driven by Small-Scale Technology Certificates (STCs) from the RET, lower cost solar systems and feed-in tariffs (AER, 2013b).

For at least some market segments, installation of a solar PV system may be more appealing than purchasing GreenPower. While the upfront cost may be greater, solar PV systems are an investment that pays back over time and insulates the owner from rising electricity prices. Further, as noted in Section 3.2, some customers may also prefer the local, tangible nature of solar PV. A GreenPower customer research report from 2011 found that installation of solar panels was a key reason why customers stopped purchasing GreenPower (Walker, 2011). It seems that once customers have 'done their bit' by paying for solar PV, they no longer see the need to pay extra for GreenPower.

Retail electricity competition

Customers in Victoria, NSW, ACT, South Australia, south-east Queensland and Tasmania are able to choose their electricity retailer, which leads to competition between retailers for customers. This competitive environment introduces challenges and opportunities for GreenPower. It means that there is a plethora of competing retail electricity products in the market that we believe are potentially confusing for consumers. Electricity offers include different tariff structures, contract lengths, conditional discounts, fees and GreenPower components. Customers need to weigh up all of these

⁵ <http://ret.cleanenergyregulator.gov.au/Latest-Updates/2014/Australia-reaches-two-million-small-scale-renewable-energy-installations>



different aspects when trying to compare different offers. In our view, this process is challenging for many customers and GreenPower Products may get lost in the noise, particularly if the marketing push is behind other products.

To try and cut through the confusion, numerous government and commercial online comparison tools have emerged to help customers to compare offers and make a decision. The most prominent is Energy Made Easy (<https://www.energymadeeasy.gov.au>), operated by the Australian Energy Regulator. However, the proliferation of such sites means that customers first have to choose a comparison site before they even get to compare offers. Then, they will usually receive a list of relevant offers, with different tariff structures and conditions, which they still need to weigh up against each other. Again, GreenPower can get lost in the noise.

Another specific issue for GreenPower is that some Providers have previously adopted a practice of offering a free GreenPower component (usually 10%) as a way of enticing new customers to sign up. Often, these customers do not retain the GreenPower component when the free offer expires. This appears to be at least one of the reasons for the observed decline in residential GreenPower customers and sales, outlined in Section 2 (Walker, 2011). Promotions of this kind can deliver a short-term boost in customer numbers and sales, but may ultimately undermine the GreenPower brand.

Despite this confusion, there may be opportunities for innovative products that incorporate GreenPower to provide a competitive advantage. Retailers in international markets, such as the UK, have developed innovative single-purchase packages that provide customers with 100% renewable electricity through a combination of energy efficiency, solar PV and grid-based renewable electricity. In the U.S., emerging models for voluntary green electricity purchasing include community solar (more than 40 community solar projects, approximately 14 MW), large direct project investment (e.g. Google directly invested in more than 1,000MW of renewable energy projects), “crowdfunding”, direct power purchase agreements and large

commercial customer green power rates and on-site solar/solar leasing (Heeter & Nicholas, 2013). Australia is seeing a similar rise in community solar projects and direct investment in renewable energy as well as the emergence of solar leasing options from companies such as Sungevity.

Falling electricity demand

Electricity demand peaked across the National Electricity Market in 2008–09 but has since declined (AER, 2013b). The Australian Energy Market Operator (AEMO) twice revised down its demand forecast for 2013–14. The factors contributing to falling electricity demand include customer responses to rising electricity prices (i.e. energy efficiency measures), slower economic growth, the increase in rooftop solar photovoltaic (PV) generation and decreases in manufacturing electricity demand. Declining electricity demand has led to surplus generation capacity in the NEM, causing around 2,300 megawatts of plant to be retired or periodically offline since 2012 (AER, 2013b).

The fall in electricity demand may be contributing to declining GreenPower sales. GreenPower Products provide a percentage of customer electricity demand, so falls in demand for electricity in general will naturally result in falls in demand for GreenPower. GreenPower sales peaked around the same time as the peak in electricity demand, which lends credence to the idea that some of the decline in GreenPower sales relates to the overall decline in electricity demand in Australia. Nevertheless, falling electricity demand does not explain reductions in GreenPower customer numbers that have occurred over the same period.

Competing products

GreenPower Products are not the only options available for consumers that wish to voluntarily support renewable energy or achieve emission reductions. Registered Persons can voluntarily surrender LGCs or STCs beyond the mandatory requirements, to encourage additional renewable energy generation. Customers can also voluntarily purchase carbon offsets accredited under the National Carbon Offset Standard



(see Section 4.4) as a way of reducing their emissions. In general, carbon offset products can be cheaper than GreenPower, although the associated emission reductions come from diverse projects that may not include renewable energy. This means that carbon offsets may not be attractive for those who specifically wish to support renewable energy. Carbon offset products also often source emission reductions from international projects rather than Australian projects. GreenPower may be more attractive to those who specifically want to support Australia's renewable energy industry.

Some carbon offset products are sourced from renewable energy projects, making them more direct competitors with GreenPower. One example is GoldPower.⁶ GoldPower is a global renewable energy label developed by Climate Friendly with the support of WWF. GoldPower comes from renewable energy projects in countries with no Kyoto target. These projects can include wind farms, hydro-electric plants, solar farms and other sources of renewable energy. Projects are certified as carbon additional under the Gold Standard, which also requires that projects have positive impacts in local communities. GoldPower generally costs less than GreenPower, whereas GreenPower specifically supports renewable energy in Australia rather than internationally. Auditing and compliance requirements also differ between the schemes.

Some electricity products available to customers may not be accredited GreenPower but may compete with GreenPower Products because they make claims about having positive environmental impacts or being sourced from renewable energy. These claims may be legitimate. For example, products could be based on renewable energy from power stations that existed before 1997, which are not eligible for GreenPower accreditation. Nevertheless, competing claims can result in confusion for customers. Further, as these competing options become available, customers that are looking for a simpler or more cost-effective option may move away from GreenPower if the Program does not adapt.

3.4 Summary

Clearly, GreenPower operates in a very different environment to what existed in 1997. The Program has made revisions over time to adapt to this changing environment, for example by drawing on regulatory mechanisms established under the mandatory Renewable Energy Target and shifting to a customer-funded rather than taxpayer-funded model. However, some stakeholders argue that the Program has not adapted rapidly enough to ongoing changes in the policy and market environment and that further revisions are needed.

⁶ See <http://goldpower.net>.



4 INTERACTION WITH OTHER PROGRAMS

This section discusses the relationships between GreenPower and other key programs, including the mandatory Renewable Energy Target and various state and national emission reduction policies.

As discussed in Section 3.1, GreenPower operates in a dynamic policy environment in which other programs come and go. Some of these programs have important relationships to GreenPower that can either stimulate demand for GreenPower or undermine the viability of the Program. Key programs and their interactions with GreenPower are outlined below.

4.1 The Renewable Energy Target

The Renewable Energy Target (RET) is a mandatory scheme, administered by the Clean Energy Regulator (CER) that requires electricity retailers to purchase a specified quantity of renewable electricity. The RET currently aims to deliver 41,000 GWh of Australia's electricity from renewable sources by 2020, with annual interim targets through to 2020. The RET includes a Large-Scale Renewable Energy Target (LRET) and a Small-Scale Renewable Energy Scheme (SRES).

Currently, the GreenPower Program relies on mechanisms established under the RET. GreenPower Providers use Large-Scale Generation Certificates (LGCs) created through the RET to demonstrate they have purchased sufficient renewable energy to supply their GreenPower Products. LGCs used to meet GreenPower obligations cannot then be used to meet RET obligations (NSW DTI, 2014). GreenPower does not currently accept Small-Scale Technology Certificates (STCs) created under the SRES.

During 2014, an Expert Panel Review of the RET recommended that the Australian Government either close the LRET to new entrants or substantially reduce the target (Warburton, Fisher, In't Veld, & Zema, 2014). Closure of the RET would have a substantial impact on

GreenPower, as it would prevent further generation of LGCs. The GreenPower Program would then need to develop an alternative approach to guarantee adequate purchases of renewable energy. Prior to the development of the RET, the Program did have a system of GreenPower Rights that performed a similar function. Such a system could be reinstated but would add to the administrative burden and complexity of the scheme.

The Climate Change Authority released a second RET Review focused on a small set of priority questions in December 2014. It recommended the current 2020 Large-scale Renewable Energy Target should not be reduced, but should be re-phased slightly to increase the chances that it can be met (<http://www.climatechangeauthority.gov.au/reviews/2014-renewable-energy-target-review>).

At the time of writing, the House of Representatives is considering the *Renewable Energy (Electricity) Amendment Bill 2015*, which would reduce the RET to 33,000 GWh by 2020 and allow renewable electricity generation from native forest wood waste. The Bill reportedly has the support of both the Coalition and ALP. These changes do not affect the operation of GreenPower directly, although the inclusion of wood waste under the RET would create further inconsistency between the generation technologies allowed under GreenPower (which does not allow native forest wood waste) and the RET. Although the continued operation of the RET now seems secure for the medium-term, the recent series of reviews does highlight the vulnerability of the GreenPower Program to future changes in the RET that are beyond the control of the Program Managers.



4.2 Emission Reduction Fund

In October 2014, the Australian Government legislated an Emissions Reduction Fund (ERF) to provide incentives for emission reductions across the Australian economy. The ERF provides \$2.55 billion as a pool of capital to purchase the lowest cost abatement through a reverse auction process. The Clean Energy Regulator administers the ERF. Several methods for estimating emission reductions under the ERF have been developed and more are under development.

None of the existing methods, nor those currently under development, make any mention of GreenPower as an acceptable form of emission reduction that could be claimed by bidders in the ERF auctions. However, in communications with the Program, the Federal Government has kept open the possibility that GreenPower could be incorporated into approved methods in the future. Whether GreenPower comes to play any role in emission reductions under the ERF may depend on whether emission reductions associated with GreenPower are treated as a contribution towards Australia's national emission reduction targets, or as additional reductions above and beyond those targets. This issue is discussed in more detail in the Section 4.5.

The first auction under the ERF awarded contracts worth \$660 million for emission reduction, but none of the successful projects included use of GreenPower.

4.3 National Greenhouse and Energy Reporting Scheme

The National Greenhouse and Energy Reporting (NGER) Scheme requires carbon-intensive corporations or facilities to report company information on greenhouse gas emissions and energy production and consumption. Voluntary purchases of GreenPower can be reported under NGER but are not fully deductible, in that they cannot be used to

reduce the total reported emissions. This potentially makes GreenPower a less attractive prospect for large electricity customers.

4.4 The National Carbon Offset Standard

The National Carbon Offset Standard (NCOS) provides guidance on what constitutes a genuine, additional voluntary carbon offset. It sets minimum requirements for the verification and retirement of voluntary carbon credits and provides guidance for calculating the carbon footprint of an organisation or product for the purpose of achieving 'carbon neutrality'. Under the Standard, businesses can become carbon neutral or develop carbon neutral products through the voluntary Carbon Neutral Program. Once certified, an organisation is able to use the NCOS Carbon Neutral Certified logo under license for promotional and marketing purposes (Department of the Environment, 2014).

The NCOS Carbon Neutral Guidelines recognise purchases of GreenPower as a zero-emissions electricity source that may be used to help achieve certification under the Carbon Neutral Program. The other main interaction with the Program is that offset products are competing options for customers wishing to voluntarily reduce their emissions.

It is also worth noting here that businesses can purchase and surrender LGCs from GreenPower Generators directly under NCOS, thereby bypassing the GreenPower Program. Such purchases do not qualify for use of the GreenPower logo and do not benefit from the auditing and compliance procedures that are built into the accreditation process. There is potential for customer confusion over the differences between accredited GreenPower and direct purchases from GreenPower Generators.



4.5 A note on additionality

For some GreenPower customers, it is sufficient that they are providing support for renewable energy beyond the mandatory requirements of the RET. For others, it is also important that their voluntary purchase of GreenPower achieves emission reductions that are above and beyond those achieved through existing government policies. Previous market research found that 65% of residential customers and 67% of business customers felt that their purchase of GreenPower should reduce emissions beyond the requirements of the Australia's national emission reduction targets (Walker & Woodward, 2009).

However, most of these customers also indicated that the lack of additionality of GreenPower would not influence their decision to continue to purchase GreenPower. Only 2% of residential customers and 10% of business customers indicated that they would be likely to drop their GreenPower purchase if the carbon pricing mechanism that was under consideration at that time did not make GreenPower additional (Walker & Woodward, 2009). Additionality did not spontaneously emerge as an important issue in the customer focus groups conducted during this Review.

Concern about additionality was higher for stakeholders that made submissions to the Review. Of the 17 submissions, 11 saw clarification of additionality as an important issue to address and 6 indicated that it was an issue of the highest priority. Brisbane City Council's submission put forward a different view. The Council did not feel that GreenPower needed to be additional to national emission reduction targets, arguing that everyone needs to contribute towards emission reductions. However, the Council did make the point that national emission reduction targets need to be adequate for customers to feel comfortable that their efforts are contributing to those targets, not helping to exceed them.

Previous Federal Governments have made a commitment that emission reductions achieved through voluntary purchase of GreenPower will be additional to emission reductions required to

achieve Australia's international emission reduction commitments. To put this commitment into effect, it is necessary to surrender international emission credits equivalent to the emission reductions achieved through GreenPower. The last surrender of international emission credits to secure additionality of GreenPower took place in 2010 and covered only 2010 sales of GreenPower. The position of the current Federal Government on the additionality of GreenPower remains unclear.

The White Paper for the ERF (Australian Government, 2014) included specific mechanisms to ensure that some voluntary action is additional to action taken under the ERF to meet international emission reduction targets. Specifically, ERF credits will be available for use under the National Carbon Offset Standard (NCOS) and the Government will cancel Kyoto Protocol credits when ERF credits are used under NCOS. This means that voluntary action under NCOS will not be counted towards Australia's international greenhouse gas reduction commitments. The situation is less clear for GreenPower. The White Paper indicated that the Government will take account of other voluntary action, including household purchases of GreenPower, when setting future emission reduction targets. This would be considered in 2015, as part of the design of the post-2020 architecture of the Direct Action Plan.

Clearly, customer views on additionality are mixed. Many customers – probably the majority – have never thought about additionality and it is not a consideration in their purchase. Amongst those customers who have thought about it, some customers are comfortable with the status quo, in which GreenPower is additional to the RET, but not necessarily additional to Australia's national emission reduction targets. Others feel that GreenPower should deliver emission reductions above and beyond national emission reduction targets, but this opinion would not influence their purchasing decision. A majority of the engaged stakeholders that made submissions see additionality as an important issue to resolve.

These mixed views make it difficult to determine how much effort to put into resolving additionality. Our view is that the credibility and



attractiveness of the Program to customers will be strengthened if voluntary purchases of GreenPower are treated as additional to national emission reduction targets. At the very least, clarification of the current treatment of GreenPower is needed from the Federal Government. The absence of such clarification threatens to undermine the credibility of the GreenPower Program for at least some customers.

4.6 NABERS

The National Australian Built Environment Rating System (NABERS) is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes. The program measures and verifies performance information for buildings and assesses performance with a star rating scale from one to six stars. NABERS is managed nationally by the NSW Office of Environment and Heritage, on behalf of Commonwealth, state and territory governments, a similar model to the GreenPower Program.

The NABERS Energy rating provides two separate star ratings. The energy efficiency star rating allows a building to compare how much energy it uses with other buildings. As the focus is on the energy efficiency of the base building, purchases of GreenPower are not taken into account in calculating this rating. The greenhouse gas performance star rating allows buildings to compare the emissions from their energy use with other buildings. GreenPower purchases are taken into account under this rating and can be used to improve performance.

GreenPower is the only source of accredited reduction of emissions allowed in the NABERS program currently. The use of GreenPower in NABERS ratings has declined over the last year.

4.7 Green Star

The voluntary Green Star rating program, delivered by the not for profit Green Building Council of Australia, provides sustainability ratings for diverse building types. Under the Green Star program, there are some circumstances where purchases of GreenPower may be used to

reduce net emissions and improve the overall rating. This may act as a market driver for purchase of GreenPower.

4.8 Mandatory GreenPower schemes

Some State Governments have introduced mandatory requirements in relation to GreenPower. Currently, the NSW Government requires that all agencies other than Area Health Services and schools purchase a minimum of 6% GreenPower (DECC, 2008). The ACT Government purchases 5% GreenPower and also requires that electricity retailers offer a 10% GreenPower Product to new or moving customers.

However, other mandatory requirements have been discontinued. The NSW Government previously required that electricity retailers offer a 10% GreenPower Product to new or moving customers. This policy is no longer in place. In Victoria, a requirement for government departments and public authorities to purchase a specified percentage of GreenPower was removed in 2012. South Australia had purchased GreenPower for 20% of the Government's own electricity needs since 2008-09 and increased that percentage to 50% by 2014, but ceased purchase of GreenPower in 2015. The removal of these schemes to support uptake of GreenPower has undoubtedly contributed to the decline in GreenPower customer numbers and sales in recent years.

4.9 Summary

While other programs can stimulate demand for GreenPower, the Program is very vulnerable to changes in other programs that are beyond its control. For example, the removal of the RET would remove the key mechanism for accrediting renewable energy generation under the GreenPower Program. While alternative mechanisms could be developed, the need to establish new institutional infrastructure to support these mechanisms is not particularly attractive. Any policy changes that undermine the additionality of GreenPower also potentially threaten the viability of the Program, as many customers value additionality.



5 AIMS AND VISION

This section discusses the aims and vision of the GreenPower Program and makes recommendations to clarify these so that the role of GreenPower alongside other programs is clear.

5.1 Program vision

Stakeholders were essentially unanimous that there is still a role for the GreenPower Program in providing an option for customers to voluntarily purchase Australian renewable energy beyond mandatory requirements. While the Program needs revision, it remains an essential part of the choices available to Australian electricity consumers. The focus of this Final Report is therefore on recommending changes that will allow the GreenPower Program to operate effectively for the foreseeable future.

During the Review, there were several discussions about the long-term vision for the Program. Ultimately, the vision for the Program should be that it is no longer necessary. At the point where renewable energy begins to dominate the Australian electricity generation mix, and transition to 100 per cent renewable energy is self-sustaining, there would be no need for a voluntary program to provide additional support to renewable energy. Despite the rapid progress of renewable energy, that point is still likely to be decades rather than years away. As such, the GreenPower Program should be planning to continue for many years to come.

For the Program to be sustainable, its long-term vision and niche need to be clearly and simply articulated.

Recommendation 1

We recommend immediate adoption of the following principles as part of the vision for the GreenPower Program:

- The role of the GreenPower Program is not to be the primary driver for installation of new renewable energy generation in Australia. Its role is to provide an additional market push to support renewable energy generation beyond what is mandated by governments or already commercially viable
- Renewable energy generation and emission reductions achieved through the Program should be guaranteed additional to those mandated through other government policies and national emission reduction targets
- The GreenPower Program should only continue to exist as long as it remains a valued voluntary action for customers and an effective stimulus for additional renewable energy generation.

The second principle will require engagement with the Federal Government to implement. This is discussed in more detail in Section 6.

The GreenPower Program could also adopt a vision of an electricity system based entirely on renewable energy, however we think this would require further debate among jurisdictions (see Recommendation 4).



5.2 Program aims

The Program's current aims are:

- To facilitate the installation of new renewable energy generators across Australia beyond mandatory renewable requirements
- To encourage growth in consumer demand for renewable energy
- To provide consumer choice for, and increase confidence in credible renewable energy products
- To increase consumer awareness of renewable energy and greenhouse issues
- To decrease greenhouse gas emissions associated with electricity generation.

The discussion in Section 2 indicated that the GreenPower Program can point to significant achievements against all of its aims, but the aims are mostly so broad that the exact contribution made by GreenPower is unclear. The Public Consultation Paper presented several options for revision of the aims. Most submissions supported a revision of the aims to better reflect Program strengths and the current context, although many submissions raised concerns about the specific revisions proposed in the Public Consultation Paper. No submissions sought development of radically different aims for the Program.

Taking the above aims in turn, the following revisions were generally supported:

- The first aim could more modestly aim to contribute to installation of new renewable energy generators, rather than facilitate such installation, in keeping with the vision of GreenPower as a supporting Program rather than the primary driver for renewable energy

- While some were happy to combine the second aim with the third, others felt that it remained important to aim for growth in consumer demand, not just provision of consumer choice
- The third aim was generally supported, but could be reworded to recognise GreenPower's specific niche as an option for customers to voluntarily support renewable energy. Simplicity and credibility were seen as important points to stress.
- Many stakeholders saw the fourth aim as an unnecessary distraction, as awareness of renewable energy and greenhouse issues is now relatively high and other programs and mechanisms are better placed to raise awareness.
- The fifth aim could be readily incorporated into the first aim and the additionality of greenhouse gas reductions stressed.

Recommendation 2

We therefore recommend adoption of the following revised aims for the GreenPower Program:

- To provide electricity customers with a simple, credible option to voluntarily support Australian renewable energy
- To encourage growth in consumer demand for renewable energy
- To contribute to the installation and operation of new renewable energy generators across Australia, and achieve reductions in greenhouse gas emissions, beyond any mandatory requirements.



6 GOVERNANCE

This section recommends improvements to Program governance aimed at securing the future of the Program and better aligning it with other policies and programs.

6.1 Current arrangements

In May 2000, GreenPower moved from being a NSW scheme to a national scheme. The National GreenPower Steering Group (NGPSG) was officially established to oversee management of the Program. Actively participating jurisdictions include:

- New South Wales (NSW) – Department of Trade and Investment
- Victoria (VIC) – Sustainability Victoria
- South Australia (SA) - Department of State Development
- Australian Capital Territory (ACT) - Environment and Planning Directorate
- Tasmania (TAS) – Department of State Growth (Observer Member).

The level of involvement in the Steering Group from other jurisdictions has declined in recent years.

The NGPSG operates according to a Charter, contained in the Program Rules (NSW DTI, 2014). The Charter establishes a vision to deliver effective strategic management of the National GreenPower Accreditation Program through widespread collaboration with all relevant stakeholders on accreditation and policy issues to guarantee program integrity, consistency and credibility.

The GreenPower Program Deed (NSW DTI, 2013) agreed by the Participant Jurisdictions establishes roles and responsibilities for governance of the Program. Under the current Deed, the Steering

Group delegates day-to-day management and administration of the accreditation process and marketing to the Program Manager – Accreditation and the Program Manager – Marketing, respectively. Currently, the NSW Trade and Investment is appointed to both roles. The Program Manager must give three months' notice if it decides to terminate its role.

In each jurisdiction, NGPSG participants are responsible for supporting the Program Managers (Accreditation and Marketing) in building relationships with local GreenPower Providers, liaising with Generators and other stakeholders, providing support for any general policy and Generator accreditation issues and supporting the national marketing efforts in the local jurisdiction. They also agree to advise the Program Manager of local issues which may have an impact on the Program and inform the local community and industry members of Program activities via official reports.

Engagement with stakeholders occurs as needed, typically when a rule change or some other significant change to the Program is proposed. Engagement usually takes the form of a forum for Providers, as well as a public consultation period for all stakeholders. There are no mechanisms in place for routine engagement with Generators, consumer groups or other non-industry stakeholders, although consultation does take place intermittently, as needed. For this review, an Advisory Panel was established that includes representatives from the Energy Retailers Association of Australia, Clean Energy Council, WWF, Public Interest Advocacy Centre and NSW DTI.



6.2 Additionality

As discussed in Section 4.5, the additionality of GreenPower to national emission reduction targets is an issue for some stakeholders. The Federal Government is currently considering post-2020 emission reduction targets for Australia and is due to announce targets in mid-2015. The Federal Government has previously stated that it would consider the additionality of GreenPower as part of the process of setting post-2020 targets. There is an immediate short-term opportunity for the Program to engage with the Federal Government to seek assurance that the announcement on post-2020 targets will include a statement that clarifies the additionality of GreenPower.

Recommendation 3

Consult with the Federal Government immediately on treatment of GreenPower in consideration of post-2020 targets, seeking a clear statement that clarifies the additionality of GreenPower.

6.3 Jurisdictional participation

A consistent message from all stakeholders that participated in the Review has been that government involvement is crucial to the credibility and perceived independence of the Program. The independence of the accreditation process and auditing from industry is seen as a very positive aspect of the Program. Stakeholders were unanimously of the view that government leadership of the Program should continue.

Many Review participants raised the lack of Federal Government participation in the NGPSG as a significant concern. As the scope of the GreenPower Program is national, involvement by the Federal Government seems appropriate. Greater Federal involvement would certainly have the potential to address several more specific concerns raised by stakeholders during the Review, including:

- The lack of a clear statement that emission reductions achieved through the GreenPower Program are additional to those required to meet national emission reduction targets. This is a critical issue for some stakeholders, although not necessarily important for the majority of customers.
- Poor alignment between the GreenPower Program and other national programs, including the National Carbon Offset Standard and the National Greenhouse and Energy Reporting Scheme
- One submission (Tim Kelly) proposed amendments to the *Renewable Energy (Electricity) Act 2000* so that LGCs are not just a record of generation but also legally assign emission reductions achieved in creating the certificate to the owner
- One submission (Total Environment Centre) proposed allowing solar PV customers to opt out of SRES and into GreenPower to achieve additionality
- Improved national promotion of the Program.

Some stakeholders were strongly of the view that the Federal Government is the logical jurisdictional home for the Program and that the Clean Energy Regulator would be an appropriate body to administer the scheme. The CER already administers the RET, which provides LGCs for use in the GreenPower Program. Giving the CER administration of GreenPower would potentially allow for some streamlining of processes, while strengthening the national focus and maintaining independence from industry. We are sympathetic to this view, but also mindful of the need to weigh up the costs and benefits of such a move, as pointed out in other submissions.

In addition to the lack of Federal Government participation, declining participation by other jurisdictions is a concern for the viability of the Program. Withdrawal of active participation by state governments with substantial numbers of GreenPower customers makes coordinated national action to halt the decline in customer numbers and sales challenging.



The NGPSG process is open to participation by all jurisdictions and the Program Manager has regularly sought to engage jurisdictions in the Program, including the Federal Government. This suggests that a new approach is needed to reenergise the Program and achieve commitment from all jurisdictions to actively participate in the Program.

We recommend engagement through the COAG Energy Council as an appropriate strategy to achieve the necessary Ministerial-level commitments to the Program. The COAG Energy Council has not yet developed Terms of Reference, but the Terms of Reference for its predecessor (the Standing Council on Energy and Resources) indicate that a discussion on the GreenPower Program is within the scope of issues considered by the Council. Getting GreenPower onto the agenda for a COAG Energy Council meeting would require each of the actively participating jurisdictions to seek support from the participating Ministers, as well as engagement with the Secretariat and the Federal Minister for Industry and Science (as Chair of the Council).

The discussions in COAG Energy Council could follow a staged approach. The first priority is for more jurisdictions, including the Federal Government, to participate in the NGPSG, at least as observers. Once these jurisdictions have built up familiarity with the Program, they could move on to more active roles. In time, it may be appropriate for the COAG Energy Council to consider a full transfer of the Program to the CER, but this would require full discussion of the costs and benefits of such a move.

Recommendation 4

The NGPSG should engage with the COAG Energy Council Secretariat, the Federal Minister for Industry and Science (as Chair of the COAG Energy Council) and Council members in each jurisdiction to include a discussion about the GreenPower Program on the agenda for an upcoming COAG Energy Council Meeting. The discussion would aim to:

- Deliver a clear commitment at the Ministerial level to actively support and participate in the GreenPower Program. The nature

of this commitment would need to be debated by the Ministers, and could vary by jurisdiction. A minimum commitment could be for those jurisdictions that are not already actively participating to participate as observers in NGPSG meetings, with a timeline for reviewing this participation and potentially moving to more active participation. Jurisdictions could also consider committing to a minimum GreenPower purchase to show support and build confidence in the Program.

- Explore alternative governance models for the Program, including the advantages and disadvantages of an eventual transfer to the CER
- Revise the vision and aims for the Program as appropriate
- Provide a clear statement on how emission reductions achieved through the GreenPower Program relate to Australia's international emission reduction targets. Ideally, this statement would indicate that voluntary purchases of GreenPower are additional to Australia's national emission reduction targets.
- Initiate any necessary action to deliver on this statement, such as surrendering international emission credits equivalent to the emission reductions achieved by the Program
- Remove any conflict between NCOS and the GreenPower Program
- Ensure GreenPower can be reported as an emission reduction under NGER.

Should the NGPSG be unable to take forward this recommendation through the COAG Energy Council, other avenues for engaging the Federal Government and other non-participating jurisdictions should be pursued that deliver similar outcomes.



6.4 Stakeholder participation

While the Program already provides opportunities for stakeholders to participate in major decisions about the Program, some submissions indicated that more active engagement with some stakeholder groups, particularly customers, would be welcome. Several options for increasing stakeholder participation were considered during the Review. The most popular format to allow for more diverse participation was through establishment of a separate Stakeholder Advisory Group to support the NGPSG and provide advice on issues arising that have an impact on the Program. The Advisory Group established for the purpose of this Review is a suitable starting point but would need to include more diverse participants.

Establishment of a Stakeholder Advisory Group would require revisions to the Program Deed and development of a clear Charter for the Group to clarify its relationship to the NGSPG.

Recommendation 5

Establish a permanent Stakeholder Advisory Group to advise the NGPSG on:

- Key developments in the marketplace and customer priorities
- Appropriate avenues to actively engage stakeholders in Program decision-making and operations
- Opportunities to increase the effectiveness of the Program.

Membership should be diverse and include at least representatives of GreenPower Providers, GreenPower Generators, residential customers, commercial customers, environmental NGOs and consumer advocacy organisations. The processes for selection of participants should be transparent and provide opportunities for all stakeholders to participate.

6.5 Reporting

Stakeholders sought further information on some aspects of the Program, including strategies for achieving the aims, better time series data on customer numbers and sales, what type of products customers are on, budgets, and exactly how the funding from customers (via Generators and Providers) is spent. Some submissions implied that savings could be found through greater scrutiny of the Program budget, and that these savings could be passed on to GreenPower customers. While we doubt that such savings are possible, and we note that the savings to customers would be minimal relative to total GreenPower bills, we accept the case for additional reporting on some matters.

Recommendation 6

The Program Manager should publish annual reports incorporating the following:

- Strategies and actions for achieving the Program vision and aims
- Readily accessible, aggregated time series data on customer numbers and sales (in graphical format that does not require additional compilation)
- Reporting on the number of customers that buy different percentages of GreenPower (see Recommendation 17)
- A Program budget that breaks down Program spending into appropriate line items and justifies the spending.



6.6 Adaptability

This Review is the first comprehensive review in the life of the Program. Some stakeholders argued that more frequent reviews are necessary to adapt to rapid changes in the policy environment and marketplace. While the Stakeholder Advisory Group will help the Program to be more adaptable, more frequent reviews would also assist the NGPSG in meeting its Charter, which includes:

- Ensuring the rules of the program evolve and develop over time to maintain the program's relevance according to the changing market environment, consumer behaviour and industry conditions
- Addressing and resolving strategic and policy issues as they arise.

In addition to the annual review of the Program Rules, a broader review every five years would be appropriate.

Recommendation 7

Undertake a comprehensive review of the Program every 5 years to maintain the Program's relevance and adapt to emerging policy, market and consumer priorities.



7 FUNDING

This section outlines the recommended approach to securing sustainable funding sources for the Program.

7.1 Current arrangements

The cost of administering the GreenPower Program includes salaries and Program administration (for accreditation and marketing functions) including audits and marketing (advertising, website maintenance etc). The 2014/2015 GreenPower Budget (ex-GST) is \$598,000 and a breakdown is shown in Table 1 (NSW DTI).

The funding model for the Program has evolved over time. From 2000, the Participating Jurisdictions directly funded the Program. In 2003, the Program moved to partial user funding via the introduction of a Generator assessment fee. The current annual Generator fee structure is \$0 for generators with less than 1MW capacity and \$1,000 per generator with capacity of 1MW or greater, up to a maximum of \$5,000 for companies with multiple accredited Generators. In 2014-15, projected Generator fees were \$91,000 in total.

In 2005/6, industry consultation recommended a shift to full user funding. Provider fees were subsequently introduced in 2007 at a level of \$5,000 as an interim measure. This level of funding, combined with generator fees, recovered approximately half of the total Program costs. In 2011/12, Provider fees were increased on a sliding scale based on sales bands to recover a greater proportion of Program costs as another step towards full user funding. In 2012/13, the same fee structure was employed, but sales bands were adjusted to achieve full recovery of Program costs (see Table 2. 2013 Provider Fees.). In 2013/14, the volumetric fee structure remained in place. However rather than sales bands, the fee charged to each Provider is based on their proportion of the aggregate GreenPower sales volume in the Program for a designated year.

Table 1. 2014/15 GreenPower Program Budget Breakdown

2014/2015 GreenPower Budget (ex-GST)	TOTAL
Program Management	\$353,000
Quarterly Reporting	\$10,000
External Audit	\$70,000
Marketing and Projects	\$100,000
Other External Services	\$65,000
Total Program Cost	\$598,000
Less Generator Fees	\$91,000
Less Provider Fees	\$507,000
Total Revenue	\$598,000

Source: DTI 2015

The Program Manager – Accreditation aims to notify Providers of their indicative annual accreditation fees (for the following year) by 1 October each year to enable the fees to be incorporated into pricing and contracts. Fees are based on the latest available audited GreenPower sales data. As shown in Table 2, the fees for 2013 were based on 2011 sales. In 2014-15, projected Provider fees were \$507,000 in total.



Table 2. 2013 Provider Fees.

GreenPower Sales (MWh) (based on 2011 audited sales)	2013 Fee
0 – 4,999	\$5,000
5,000 – 9,999	\$6,000
10,000 – 49,999	\$10,000
50,000 – 149,999	\$16,000
150,000 – 299,999	\$55,000
300,000 – 499,999	\$80,000
500,000+	\$130,000

Source: *Full Industry Funding Consultation Responses to Submissions Paper*, 2013 available at <http://www.greenpower.gov.au/Business-Centre/Previous-Consultations/>.

While Program documents often refer to an industry funding model, it is important to note that fees paid by industry are recovered from customers, so that GreenPower is actually customer funded.

7.2 Funding level

Throughout the Review, there were mixed views about the current fee levels. Currently, the Program receives enough funding to operate the Program but not to undertake significant central marketing, promotions or engagement. An increase to Provider and/or Generator fees could fund a more substantial central marketing and engagement plan, with the aim of arresting the decline in customer numbers and sales and starting to increase numbers again.

While many stakeholders were willing in principle to consider fee increases, which would be passed on to customers, they wanted to see a strong case built that benefits would outweigh the costs. Most stakeholders felt that an adequate case for increased fees had not yet been built, and some felt it was premature to discuss additional funding until the Program aims and key issues like additionality were clarified. Several submissions argued that marketing should be left primarily to the Providers. Further, some submissions argued that greater scrutiny of Program spending could lead to a decrease in fees, which could be passed on to customers.

It is important to put these funding concerns in perspective. The current Program budget of \$620,000 amounts to a little over \$1 recovered from the average GreenPower customer per year. While it is essential that all funding is appropriately justified, we do not accept the view that a modest fee increase will cause GreenPower customers to drop their GreenPower investment, given the small proportion that the fee makes up of their total bill. Likewise, we do not accept the view that decreasing Program fees would attract significantly more customers to invest in GreenPower.

While we do not recommend any immediate increase in the funding level, we do think there is scope to increase fees if a case for additional marketing and engagement is made. The basis for such a case is discussed in Section 8.

Recommendation 8

Maintain total funding at levels that support existing operations until such time as there is sufficient clarity on Program aims and governance structures to build a compelling business case for additional funding.



7.3 Discount Provider fees for small-scale community energy

While we do not currently recommend increasing the total level of fees, there are grounds for restructuring Provider and Generator fees to improve equity and to provide support for specific projects, such as community energy projects. As well as environmental benefits, small-scale community energy projects help to raise the profile and demand for renewable energy, provide local employment, create a tangible connection between consumers and renewable energy projects, and offer social benefits through community building and empowerment.⁷ Support for such projects is consistent with the Program aims and addresses some of the marketing challenges the Program has faced, such as lack of a clear connection between the GreenPower Product and Generator.

The current model for Provider fees emerged from industry consultation in 2012-13, and strikes a balance between volumetric charging, the need to cover fixed costs, and the need for Providers to make a minimum commitment to the Program to achieve the benefits of accreditation. We do not believe the basic funding structure should be revisited at this time.

However, we are conscious of the barrier this structure can present to small community energy projects that wish to apply to become a GreenPower Provider, as discussed in Hepburn Wind's submission. A small community-based Provider, selling less than approximately 5,000MWh per year of GreenPower, faces a minimum Provider fee of \$5,000. The justification for the minimum fee threshold, based on fixed costs and commitment to the Program, is generally appropriate. Nevertheless, there are grounds for offering a discount or alternative

structure to small-scale community energy projects for the reasons outlined above.

While providing support for community energy projects will increase the administrative burden for the Program, it connects the Program to a rapidly growing sector and is consistent with the Program aims.

Consultation would be needed on the details of implementation, including an appropriate definition of small-scale community energy (e.g. less than 10MW capacity, with more than 50% community ownership).

Recommendation 9

Introduce a discounted Provider fee structure for small-scale community energy projects. Eligible projects that demonstrate community ownership and that have sales below the threshold for the minimum \$5,000 payment would have the minimum fee waived. Instead, they would pay a nominal fee in the first year, and then a fee proportional to actual GreenPower sales in subsequent years. Normal Provider fees would apply if sales are above the minimum threshold.

7.4 Restructure Generator fees

Currently, Generators pay a fee based on the capacity of each accredited Generator, up to a maximum of \$5,000. A flat fee of \$1,000 is charged for each generator above 1MW capacity. At present, a 1.5MW Generator pays the same fee as a 100MW Generator, and a company with five 1.5MW Generators pays the same fee as a company with many larger Generators. A more gradual sliding scale, with fees applied to all generators owned by a company, would introduce greater diversity in fees and potentially reduce entry barriers for smaller generators. Submissions were generally supportive of this proposed restructuring, as long it was based on capacity and not generation.

We note comments in some submissions, such as Infigen's, that the costs of GreenPower Generator accreditation potentially outweigh the benefits at this time. Care is therefore needed to ensure that changes

⁷ There is a useful summary of the benefits of community energy at <http://www.embarc.com.au/display/public/content/Benefits+of+community+energy+projects>.



to the fee structure do not have a negative impact on the overall economics of Generator involvement. This will require consultation with Generators and Providers on specific fee proposals and comparison of the existing and proposed fees for each Generator to identify Generators that may be adversely impacted by the changes. Options to ameliorate this impact could include a staged transition to the new fee structure to prevent any large jump in fees, or a reduction in the proportion of total Program fees collected from Generators. The latter option would of course require consultation with Providers, who would experience higher fees as a result.

Recommendation 10

Consult with Generators (and Providers) on specific proposals to restructure Generator fees to follow a sliding scale, based on total capacity of accredited GreenPower Generators. A 50% discount is recommended for small-scale community-owned generators that meet eligibility criteria. Proposals should include staged transition to ameliorate impacts on particular Generators, and should consider the overall balance between Generator and Provider fees to spread the burden equitably.



8 MARKETING AND ENGAGEMENT

This section makes recommendations on the future marketing of the Program and engagement with customers.

8.1 Current arrangements

Marketing of the GreenPower Program is delivered jointly by NSW Trade and Investment (as Program Manager – Marketing) and the GreenPower Providers. Currently, the Program employs a Marketing Officer and, in 2014-15, the budget for central marketing and projects is \$100,000, which is a substantial proportion of the overall Program costs.

Previously, the Victorian Government was responsible for Program marketing. In the transition from the Victorian Government to the NSW Government, there was a significant period where there were no dedicated marketing staff and marketing was left primarily to the Providers. This gap in central marketing may have contributed to the observed decline in customer numbers and sales. Now that GreenPower again has a dedicated Marketing Officer, the scope for central marketing of the Program has increased.

Marketing of GreenPower is governed by the GreenPower Marketing Guidelines 2012 (NSW DTI, 2012). Under these Guidelines, GreenPower Providers must submit all GreenPower marketing materials to the Program Manager for approval prior to the commencement of marketing. The Program Manager verifies compliance and provides approval to proceed. The Provider's GreenPower Auditor checks compliance annually. In the 2012 Settlement Period, four issues of non-conformance to the marketing guidelines were found in the final audit (Clear Environment, 2014). Three related to Program Approval of marketing materials and one to non-compliance with the Logo Usage Guidelines.

During this Review, Republic of Everyone (RoE), a specialist sustainability communications agency, conducted an assessment of

GreenPower's existing marketing channels and materials, including a comparison against global best practice in green marketing, focus groups with GreenPower customers and non-customers, and options development with a cross-section of stakeholders. Based on its assessment of the GreenPower marketing materials, RoE concluded that the following issues may be limiting the successful marketing of the GreenPower Program:

- The logo is not instantly recognisable as an independent certification scheme
- The current branding of the accreditation scheme is not sufficiently distinct from the Products that are accredited – GreenPower Providers have their own green energy brands
- The purpose of GreenPower is not clear from the brand or messaging
- There is an overemphasis on green in both the visual identity and name, which misses an opportunity to convey the socio-economic benefits of renewable energy
- The messaging is complex and technical and little is being done to tailor messages for key target audiences
- Little is currently being done to retain existing customers and there are few tangible incentives for current customers
- GreenPower Providers have no standard approach or mandate to communicate with the GreenPower Program
- The logo is not easy to use in third party marketing
- Limited brand equity is limiting use of the logo by business customers



- There is minimal third party endorsement and advocacy for GreenPower
- Lack of policy certainty and clarity on the future of the RET and other Federal climate policies
- Low transparency with respect to use of GreenPower by commercial customers, which makes it difficult to check claims or promote or recognise customers.

Some of these issues are legacies from the period when little central marketing was happening, and could potentially be addressed now that there are more resources for central marketing.

RoE sought customer views through a series of focus groups with residential and business customers including ex-customers and potential customers. They conducted six groups over three weeks involving 30 consumers (Sydney, Melbourne, Brisbane) and 10 business owners/managers (Melbourne, Sydney). Participants included current and former GreenPower customers and people that had never used GreenPower. Although not necessarily representative, the focus groups allowed rich discussion with potential and actual GreenPower customers about the Program.

Four key findings emerged from the customer focus groups:

1. People are confused – they don't know what GreenPower is or how it works beyond 'uses renewable energy'
2. People want more information – they feel disempowered by their own confusion and lack of understanding
3. Consumers crave recognition – those that have already signed up for GreenPower feel that it is an invisible contribution they are making, and they would prefer to become more visible and recognised for their sacrifice
4. Businesses want to be part of a community of GreenPower users – that community could take many forms.

RoE's Final Report is provided in Appendix C.

8.2 Refresh and relaunch

The clear message emerging from the Review, then, is that current marketing and engagement is not working. How to best respond is much less clear. None of the submissions recommended embarking on a major rebranding exercise, but several did recommend refreshing the brand and relaunching.

This approach could require greater resourcing for central marketing and promotions. Many of the Providers were wary of this idea, as the additional costs would be passed on to customers and would increase the cost of Products, which could be counterproductive. However, it is important to note, as pointed out in Section 7, that Program costs are a very small fraction of the total cost of GreenPower. Funds for increased marketing and engagement do need to be justified but a modest increase in the central marketing budget would be unlikely to drive existing customers away, while providing the opportunity to build brand awareness and credibility.

Submissions from Providers also argued that Providers should take the lead on marketing and promotions, and that the central marketing function should be minimised. However, RoE's findings clearly indicate that recent marketing, which has been primarily delivered by Providers, is not working. Efficient central marketing can benefit all Providers by building recognition and awareness of GreenPower and establishing it as a credible option in today's marketplace. The best approach should be a strong partnership between the Program and Providers to integrate central marketing with Product-based marketing.

Many stakeholders argued that any GreenPower relaunch should wait until issues of additionality, aims and governance are resolved, so that clear messages are possible. This is a sensible approach. Without a clear statement on additionality, for example, compelling marketing messages are difficult. However, the process of clarifying additionality (see Recommendation 4) could take some time. In the meantime, steps need to be taken towards a more coordinated marketing approach that can arrest the decline in customer numbers and sales.



Recommendation 11

Develop a detailed, fully costed *Marketing and Engagement Plan* to guide a refresh and relaunch of the GreenPower Program. The Plan should take into account outcomes emerging from COAG Energy Council discussions (Recommendation 4) but should not wait for completion of these discussions. All GreenPower stakeholders should be consulted in development of this Plan and proposed actions should be justified based on their likely impact on customer numbers and sales. The agreed Plan would be funded through increased Provider fees (Recommendation 8) and would be updated annually. It should address the following:

- The guiding vision and aims of the Program
- Key marketing messages that align with the vision and aims. RoE recommended the following messages, although these would need further development and the accuracy of the claims requires scrutiny:
 - GreenPower. The easiest way to invest in Australian renewable energy.
 - GreenPower. Helping secure the future of Australia's energy.
 - GreenPower. Helping create Australian jobs in the renewable energy sector.
- The target audiences for central GreenPower marketing and promotions and any variations in messaging needed to reach specific audience segments. We recommend retaining a broad focus on the 'green' consumer that wants to 'do their bit' but also considering specific messaging for tenants and apartment dwellers (who cannot invest in solar PV) and different types of commercial customer.
- Simple standard language on how GreenPower works, what it does and why it is valuable, stressing its additionality (once this is clarified), independence and credibility, and clarifying its relationship to other programs
- Minor revisions to the logo and taglines to stress key messages, such as the Australian content and make the accreditation function more prominent
- Customer retention strategies (see Recommendation 12)
- A revamped website with a more modern look and clearer separation between customer information and Program operation information
- Clear documentation on the responsibilities of the Program and Providers in relation to marketing, engagement and data provision, to ensure an integrated approach
- Updated logo usage guidelines to make the logo easier to use, facilitate its integration into Provider marketing and require prominent placement
- Proposed marketing channels and campaign strategies for the central marketing function
- Strategies for securing third-party endorsement of the Program (Recommendation 13).

8.3 Engaging the customer base

One of the great strengths of the GreenPower Program is its existing customer base. However, as noted in Section 2, customer numbers have been in decline for some time. Clarifying additionality and removing confusion about GreenPower may help with customer retention. However, RoE's research indicated that customers would also like to see more recognition of their GreenPower purchase, which is currently invisible.

Greater engagement with the customer base is appropriate but costs needs to be carefully weighed with benefits. Strategies adopted here



should form part of the overall *Marketing and Engagement Plan* and the focus should be on low-cost actions that help GreenPower customers to feel like they are part of something bigger.

Recommendation 12

Establish a GreenPower Membership Program to engage the existing GreenPower customer base and improve customer retention and recognition. Specific actions could include:

- Regular brief communications from the GreenPower Program that highlight the overall impact of the Program, such as accreditation of new Generators, milestones in total GreenPower generation and so on.
- Standard information provided on electricity bills about the individual and collective impact of each Member's GreenPower contribution
- Stickers and signage to make GreenPower purchases more visible in the community
- Prizes and competitions
- Electronic membership packs for new customers
- Revamping the GreenPower website with a range of interactive statistics and infographics for customers
- Social events and power station tours for customers
- A voluntary register of commercial customers and the size of their GreenPower purchases to provide greater recognition and transparency for those customers.

8.4 Third-party endorsement

There are many organisations that support greater uptake of renewable energy, such as environmental NGOs and clean energy associations. These organisations have substantial networks that could be predisposed towards purchasing GreenPower Products. Securing support from these third parties to endorse and advocate for the GreenPower Program would potentially open up new marketing channels and increase customer numbers.

Recommendation 13

As part of the Marketing and Engagement Plan (Recommendation 11), initiate discussion with interested third parties to secure their support for the Program. This support could take various forms, such as endorsing the Program on their website, promoting the Program to their members, or appearing in advertisements for the Program.



9 PROGRAM RULES

This section recommends revisions to the Program rules to streamline the operation of the Program.

The National GreenPower Accreditation Program: Program Rules (NSW DTI, 2014) sets out the rules that GreenPower Providers, Generators and customers that use the logo must follow. The Rules undergo revision via consultation with Providers, Generators and the public. The latest version of the rules is V9.0 (2014) adopted by the National GreenPower Steering Group (NGPSG) following consultation in October/November 2013.

The general sense from stakeholder feedback is that the Program Rules are mostly operating satisfactorily, but there are some areas where improvements are possible. Generally, these improvements were not seen as a high priority relative to the need to clarify Program aims, governance and relationship to other programs.

Many of the recommendations in this report, if adopted, will require modification to the rules.

9.1 Generator accreditation

A GreenPower Generator is defined as 'an electricity generator that results in: greenhouse gas emission reductions (within the electricity sector); net environmental benefits; is based primarily on a Renewable Energy resource (meaning more than half the energy output is attributed to an eligible renewable energy resource), and is approved by the Program Manager (NSW DTI, 2014). GreenPower Generators or upgrades to existing Generators must be 'new', which is defined as after the commencement of the Program in 1997.

The main generation types eligible under the GreenPower Program are:

- Solar Photovoltaic and Solar Thermal Electric Systems

- Wind Turbines and Wind Farms
- Hydro-Electric Power Stations
- Biomass-Fuelled Power Stations
- Geothermal Power Stations
- Wave and Tidal Power Stations.

GreenPower Generators must be accredited by the CER under the LRET and thus be able to create LGCs. Eligible generators can only create LGCs for electricity generated above their CER baseline. When combined with a requirement to surrender LGCs to cover GreenPower purchases, this ensures the associated emission reductions in the electricity sector are additional to what would otherwise have been achieved without the investment in GreenPower (for further information on CER baselines refer to www.cleanenergyregulator.gov.au).

In general, eligible Generators under GreenPower align with eligible generators under the LRET, but there are some exceptions. For example, waste to energy technologies are not accepted under the GreenPower Program. The GreenPower Program also excludes electricity generation from native forest waste, which is currently being considered for inclusion in the RET by the Federal Government.

The Review considered several options for revisions to Generator accreditation processes, including:

- Relaxation of the requirement that more than half the energy output is attributed to an eligible renewable energy resource
- Strengthening Generator eligibility standards through the addition of other ecological or social criteria



- Changing the definition of ‘new’ generation to a rolling baseline, so that only power stations developed in the previous 10 years (say) could maintain accreditation
- Reviewing eligible generation types, either to improve alignment with the RET (e.g. by allowing waste to energy generation) or to support accreditation of new, commercially viable technologies.

None of these options were strongly supported by a majority of stakeholders and we do not recommend any changes to Generator accreditation processes at this time.

9.2 Product accreditation

GreenPower Products rather than GreenPower Providers are accredited. Providers can offer multiple GreenPower Product options to residential or commercial customers and market them according to their business needs. A Provider with multiple Products requires separate accreditation for each. The accreditation process requires a Provider to apply for a Product accreditation by providing details on administration, eligible GreenPower Customers and where they intend to source eligible LGCs to cover their GreenPower sales. To offer GreenPower Products, GreenPower Providers must also meet any local jurisdictional licensing requirements.

GreenPower Products can take different forms:

- Consumption based products whereby customers nominate the level of GreenPower purchased according to a nominated percentage of their total electricity consumption (e.g. 10%, 20%, 50%, 100%)
- ‘Block’ based products whereby customers purchase a kWh ‘block’ of GreenPower that is based on average household electricity consumption and is not directly linked to an individual customer’s consumption

- Purchase of GreenPower to match consumption provided by the customer’s energy retailer. While customers continue to purchase electricity from their standard electricity supplier, the GreenPower Provider will purchase and surrender the equivalent number of LGCs from eligible generation sources to meet the customer’s elected electricity consumption.

For each Settlement Period (calendar year running from 1 January to 31 December) Providers must report all GreenPower sales. One Large-scale Generation Certificate (LGC) must be surrendered for each MWh sold (see criteria 3.7 of the Program Rules). As of 1 January 2011,⁸ GreenPower only accepts LGCs from the LRET that are created by accredited GreenPower generators (known as GreenPower LGCs).

Minimum GreenPower purchase for residential customers

At present, consumption-based GreenPower Products for residential customers must include a minimum of 10% GreenPower. This threshold was established to require a minimum commitment to the Program and to maintain Program integrity and credibility. Some submissions favoured an increase in the minimum percentage (e.g. to 25% or 50%) to further improve the credibility of the Program, drive greater investment in renewable energy, and avoid ‘green tokenism’. Other submissions were concerned that any increase in the minimum percentage would potentially lead to loss of customers, which would be counterproductive.

In a price-sensitive electricity market, an increase of the minimum GreenPower purchase could certainly hasten the current decline in customer numbers and sales. This would have a more detrimental impact on Program credibility than the existence of a 10% GreenPower Product, which appropriately provides customers with an option to provide a level of voluntary support for GreenPower at a reasonable

⁸ Prior to Jan 2011, GreenPower Providers were able to purchase and on-sell the GreenPower Rights (GPRs) separately to the electricity produced from a GreenPower Generator, for use in GreenPower Products.



cost. We believe it is better to give customers an option they can afford than to force them out of the market for GreenPower entirely. We believe a purchase of 10% GreenPower above and beyond grid renewables remains a credible minimum standard and do not recommend any change to this standard.

For consistency and equity, block-based GreenPower Products should comply with a similar standard. Where a block-based Product is sold as representative of household consumption, then the size of the minimum available block-based Product should ideally correspond to at least 10% of the purchasing household's annual electricity consumption.

Stakeholders noted that such a standard is difficult to enforce and possible enforcement measures could undermine the main advantage of block-based Products, which is their simplicity. To meet this standard, Providers of block-based Products would need to accurately estimate household consumption (not just provide an average) and establish the likely frequency of purchase (a household may be planning to make quarterly purchases, rather than annual purchases).

At present, the compromise is to set a minimum purchase of 647 kWh for block-based Products, which corresponded to 10% of average household consumption at the time it was set. As average household consumption changes over time, updating this minimum purchase from time to time is needed to maintain credibility.

However, the Program Rules already state that GreenPower Providers are required to have a minimum 10 per cent GreenPower content in products offered to residential customers. This applies to all Products. Rather than specify a minimum block-based Product, this requirement could simply be enforced for block-based Products, with the onus on Providers to demonstrate compliance. We recognise that Providers would need time to update their systems to be able to demonstrate compliance, so changes to the Program Rules would not take effect until 2017.

Recommendation 14

Remove the minimum block-based Product purchase from the Program Rules and require Providers of block-based Products to demonstrate that their sales meet the minimum standard of 10% of actual household consumption. Acceptable approaches could include:

- Developing a reasonable estimate of actual household electricity use and ensuring that the minimum allowable block purchase is at least 10% of that estimate
- Basing the minimum purchase on a conservative estimate of household electricity use that is likely to take in most households, not just the average household.

Consideration of renewable electricity from the grid

Currently, customers receiving electricity from the grid receive a mix of renewable energy and non-renewable energy by default. In 2013, 14.8% of total electricity generation was generation from renewable sources, and this proportion is growing due to the existence of the RET. This is not taken into account in calculation of GreenPower Products. A 10% GreenPower Product is based on 10% of total electricity use, which means that the customer is effectively paying for 24.8% renewable energy. This is potentially confusing and it means that customers that are paying for 100% GreenPower are actually paying more than they need to.

Submissions to the Review generally supported a revision to the Program Rules to include grid-based renewable energy in the calculation of the GreenPower contribution associated with GreenPower Products. In this approach, a 100% GreenPower Product would include the 14.8% renewable energy from the grid, plus enough GreenPower to replace the other 85.2% of electricity from the grid with renewable sources. This would reduce the cost of 100% GreenPower Products.



This change is fairly simple to implement, using the following formula (amended from a proposal by AGL):

$$L = C * (G-RPP)$$

- L: Liability for the retailer to surrender LGCs
- C: Consumption in MWh
- G: GreenPower percentage of the Product
- RPP: Renewable Power Percentage (as published by the CER)

However, there are some challenges. First, this formula only works when the GreenPower percentage of the Product is greater than the RPP. A 10% GreenPower Product is no longer possible. Second, while the reduction in liability for LGCs, and associated reduction in cost, certainly seems reasonable for a 100% GreenPower Product, or even a 50% Product, it becomes much more substantial for a 25% Product, which essentially becomes the equivalent to a 10% Product now. Customers that are currently buying a 25% Product may not be satisfied to only be purchasing 10% above grid renewables.

These issues can be readily addressed by defining the minimum standard of 10% GreenPower for residential customers (as discussed above) and a 10% minimum purchase for commercial logo use (see Section 9.3) as applying to (G-RPP) in the above formula. So the minimum requirement would be to purchase 10% GreenPower in addition to renewable energy in the grid. This means that the minimum GreenPower Product for residential purchase or commercial logo use would be (approximately) a 25% Product.

This introduces a new challenge, which is to cope with annual changes in the RPP. If the RPP increases, as anticipated due to the RET, then a 25% GreenPower Product would soon require less than 10% additional purchase of GreenPower. There are several options to address this:

- Adjust the minimum GreenPower Product annually to reflect changes in the RPP. This maintains the standard of a 10% additional contribution but introduces significant administrative

and communication complexity, as customers would need to agree to annual changes in their Product percentage.

- Adjust the minimum GreenPower Product less frequently, say every four years. For example, a 25% GreenPower Product may be the minimum standard now, and this could be increased to 30% in four years time to reflect increases in RPP. This reduces administrative and communication complexity, but requires acceptance that customers will be contributing less than 10% additional GreenPower for some time in between updates to the minimum purchase.
- Introduce two Product streams:
 - The standard GreenPower offering, which is based on total renewable energy use, e.g. 30%, or 50% or 100% GreenPower
 - An alternative GreenPower offering which is based on additional renewable energy use, above and beyond grid renewables. This could be distinguished from the standard product with a different name, such as GreenPower Plus, and showing a + sign in front of the percentage on the logo. Thus the current minimum 10% GreenPower Product would become GreenPower +10%. This avoids the need for continual updating of the minimum standard.

The latter option is attractive, but potentially complicates communication with customers. We believe this could be overcome through revisions to the logo and language to clearly distinguish the two Product types.

Finally, the RPP is a national figure and particular jurisdictions have different proportions of renewable energy in their local grid. For example, 93% of electricity generated in Tasmania is from renewable energy. Some jurisdictions have argued that jurisdictional proportions of renewable energy should be used in the formula proposed above. Taking such an approach would introduce greater complexity and is



problematic because of the interconnected nature of the competitive electricity market. Where there is retail electricity competition, it is the generation mix accessed by the retailer rather than the customer location that determines the proportion of renewable energy paid for by the customer.

However, the Review was not able to consider the full complexity of the above changes during the consultation period and has not sought stakeholder feedback on the full implications and preferences. As such, our recommendation below reflects the need for additional specific consultation before a final decision is implemented.

Recommendation 15

Adopt the principle that the contribution of grid renewables should be made clear to customers in GreenPower Products and communications. To implement this principle, develop a detailed proposal for a Rule change and undertake specific consultation with stakeholders on the options presented above.

Additional Products

During the Review, there have been several proposals for new types of GreenPower Product that may be more attractive to particular customers. Possible Products discussed to date include:

- **A GreenPower Innovation Product**, providing support for emerging renewable energy technologies that are not yet eligible under LRET. This would likely be a more expensive Product, providing support to technologies that are not yet commercially viable.
- **A GreenPower Plus Product**, introducing stronger environmental, social, or economic eligibility requirements for Generators.
- **A GreenPower Direct Product**, allowing sale of GreenPower direct from a Generator to a customer (where this is allowed under National Electricity Law). This could be attractive to

customers that wish to support a particular Generator, perhaps in their local area. The submission from TEC suggested calling this **GreenPower Local**, to reflect this local connection.

- **A GreenPower Government Direct Product**, allowing government agencies that directly fund the construction of a renewable energy facility and take possession of all LGCs generated by the facility to obtain GreenPower accreditation. For example, a jurisdiction could run a reverse auction process to fund delivery of renewable energy and establish contracts to retain the LGCs, then seek accreditation of a GreenPower for that particular project.
- **A GreenPower Limited Product**, allowing organisations to obtain accreditation for a GreenPower Product relating to a specific project when there is a regulatory requirement for that project to offset or displace some or all of its electricity-related emissions (e.g. the Sydney Desalination Plant).
- **A GreenGas Product**, offering gas from renewable sources or with eligible offsets applied.
- GreenPower products packaged with **electric vehicles**
- GreenPower **gift cards** for block purchases of GreenPower
- Product labelling for electricity use in **product manufacturing**.

Some of these product proposals were clearly not supported in stakeholders submissions, including the GreenPower Innovation Product, GreenPower Plus Product and GreenGas Product. We do not recommend further pursuit of these options.

Other products (e.g. gift cards for block purchases, or packaging GreenPower with electric vehicles) do not require changes to the Program Rules. We agree with submissions from several Providers that argue that development of such products is the responsibility of Providers and is subject to their decisions on commercial viability. There is no specific role for the Program here, other than providing normal support.



However, other products would not be possible without changes to the Program Rules and there may be a case for the Program to facilitate the establishment of such products. The GreenPower Direct / Local, GreenPower Government Direct and GreenPower Limited Products were all of interest to stakeholders and are worth pursuing, as they could allow some significant purchases of renewable energy that are currently happening outside the Program to happen within the Program. Pursuit of these additional product offerings may depend on the outcomes of Recommendation 4, as some may require revisions to other legal frameworks.

Recommendation 16

Develop a detailed business case and legal analysis for the following Products:

- GreenPower Direct / GreenPower Local
- GreenPower Government Direct
- GreenPower Limited.

If there is a strong case for introducing the Products, develop a Rule change proposal and marketing and engagement strategy for the Products.

9.3 Logo Use

Under the GreenPower Logo Usage Guidelines (NSW DTI, 2008) and Program Rules, the following stakeholders are able to use the GreenPower logo:

- GreenPower Providers must refer to their Product's accreditation in all advertising and marketing in connection with the GreenPower Product or the Program including a hotlink from the Logo to the GreenPower website.

- Commercial GreenPower Customers can use the logo if they have purchased or contracted to purchase GreenPower to the value of 10% of their electricity use
- GreenPower Generators are entitled to use the GreenPower logo where more than half of the output of the generator is classified as GreenPower generation
- Event Managers where an event will be powered by 100% GreenPower accredited energy
- Third-party organisations, such as local governments and environmental non-government organisations, may use the GreenPower branding to promote the Program subject to written approval by the GreenPower Program Manager.

The Review considered a proposal to allow commercial GreenPower customers to use the GreenPower logo if they purchase or contract to purchase GreenPower to the value of less than 10% of their electricity use. Some stakeholders noted that 10% of electricity use could be a very substantial outlay, particularly for large industrial customers.

Responses to this proposal were mixed, with some submissions welcoming the possible incentive for more purchases from large customers, but others concerned about the integrity of the Program and the potential for existing customers to downgrade their purchase. Several submissions argued that the threshold should be raised to improve Program integrity.

On balance, our view is that a lower threshold for logo use would undermine the integrity of the Program and the value of the logo, as well as possibly reducing sales from existing customers. It would also reduce alignment with the minimum standard established for residential customers. Commercial customers are not prevented from purchasing less than 10% GreenPower, and of publicising that fact without using the logo. No changes to the Logo Usage Guidelines are recommended, although we note that the Marketing and Engagement Plan (Recommendation 11) may make a case for future changes to these guidelines.



9.4 Auditing and Compliance

Independent audits are conducted annually to determine the compliance of GreenPower Products offered by GreenPower Providers against criteria set out in the Program Rules. An approved auditor engaged by a Provider audits technical reports, which include relevant technical information, customer numbers and sales figures. The annual audits assess compliance with the marketing and logo usage guidelines, Generator eligibility criteria, Product accreditation and eligibility of LGCs purchased. Most generator owners do not need to submit annual reports. There is a 3-month reconciliation period after the end of each annual Settlement Period for GreenPower Providers to transfer into their Designated REC Registry Account the required number of LGCs. The Program Manager also allows a leeway for a 5 per cent shortfall in the surrender of LGCs within the Settlement Period. For the latest Settlement Period audited (2012) there were no non-compliance issues raised in regards to shortfalls of LGCs surrendered or failure of eligibility criteria.

However, the auditor needed to chase up Providers who failed to initially transfer LGCs to their designated GreenPower accounts, which made the auditing process laborious. The auditor has recommended working with the CER to simplify the LGC surrender process for future Settlement Periods (Clear Environment, 2014). However, feedback during the review indicates that the surrender processes have already been simplified and no further action is needed.

Use of STCs for compliance

The Review considered the reinstatement of surrender of STCs as an allowable way for Providers to achieve compliance. The weight of submissions did not support inclusion of STCs under GreenPower, due to concerns about disruption of the LGC market, price differentials, deeming provisions, and undermining of the additionality of the Program. Inclusion of STCs is not recommended at this time, although the COAG Energy Council should consider ways in which support for

solar PV interacts with the GreenPower Program (see Recommendation 4).

Contingency for failure to submit LGCs

In the past, some GreenPower Providers have failed to surrender their LGCs, which can lead to removal of accreditation or court action. There is currently no specific contingency in place to guarantee that the customer receives the renewable energy they have paid for in such situations. Putting in place such a contingency, through levies or a contingency fund, was considered as part of this Review. Stakeholder submissions argued that existing mechanisms, including contracts between Providers and customers, ACCC oversight, withdrawal of accreditation and the option for customers to appeal to the Energy Ombudsman in each jurisdiction are sufficient to ensure compliance.

Data provision

A frequent discussion during the Review was the need for additional data on the GreenPower customer base to be provided to the Program to support a stronger central marketing and engagement function, and allow for greater transparency. A case for provision of additional data for marketing purposes would need to be part of the Marketing and Engagement Plan (see Recommendation 11). Provision of additional data on the customer base for Program reporting is appropriate and is recommended below.

Recommendation 17

Seek aggregated data from GreenPower Providers on the number of customers purchasing Products in each GreenPower percentage band, e.g. 10%, 25%, 50%, 100%, and the average GreenPower percentage. Report this data annually, as per Recommendation 6.



Auditing processes

Some stakeholders requested that the annual auditing process be streamlined to reduce the burden on Providers. Possible options for streamlining the audit process considered by the Review included:

- Alternating between full audits and sample audits each year
- Introducing a risk-based auditing system, such that the auditing frequency would be reduced for compliant Providers
- Introduce a sales threshold, below which audits are not conducted. This would benefit Providers with low sales in a particular year.

Each of these options has the potential to reduce the perceived integrity of the Program but could reduce overall compliance costs, and potentially the premium paid for GreenPower Products. Stakeholders generally supported a risk-based auditing system, similar to the approach currently adopted by the CER. Specific consultation with Providers on a suitable auditing model would be needed before implementation.

Recommendation 18

Undertake consultation on adopting a risk-based auditing process, similar to the process used by the CER in auditing the RET. Audit candidates would be selected based on factors including:

- Issues identified during assessment of reports from Providers
- History of compliance
- Time since the last audit
- Known issues associated with particular Generators or Products
- Other factors to be determined.



10 SUMMARY OF RECOMMENDATIONS

This section summarises our recommendations for the future of the GreenPower Program.

The Review makes a total of 18 recommendations for improvements to the GreenPower Program, in relation to the Program’s vision and aims, governance, funding, marketing and engagement and rules. Table 3 compiles the full text of each recommendation and suggests priorities and timing for each recommendation. The priority (high, moderate or low) reflects the strength of feeling about these ideas in the stakeholder feedback and our own views on which recommendations are most critical to ensuring GreenPower meets its aims into the future. Timing indicates whether recommendations are available for immediate action, dependent on other recommendations, or most appropriately pursued as part of normal Program operations, for example through the annual advice to Providers and Generators on Program fees and annual revisions to the Program Rules.

Some recommendations that are available for immediate action may need to be delayed to allow for higher priorities to be pursued, given limited Program resources. To provide further guidance on timing, Figure S1 shows our view on the approximate order in which recommendations should be pursued, taking into account both the priority and the appropriate timing.

Table 3: Compilation of recommendations.

Topic	Recommendation	Priority	Timing
Aims and vision	1 Adopt the following principles as part of the vision for the GreenPower Program: <ul style="list-style-type: none"> The role of the GreenPower Program is not to be the primary driver for installation of new renewable energy generation in Australia. Its role is to provide an additional market push to support renewable energy generation beyond what is mandated by governments or already commercially viable Renewable energy generation and emission reductions achieved through the Program should be guaranteed additional to those mandated through other government policies and national emission reduction targets The GreenPower Program should only continue to exist as long as it remains a valued voluntary action for customers and an effective stimulus for additional renewable energy generation. 	Moderate	After clarification of additionality



Aims and vision	2	<p>Adopt the following revised aims for the GreenPower Program:</p> <ul style="list-style-type: none"> • To provide electricity customers with a simple, credible option to voluntarily support Australian renewable energy • To encourage growth in consumer demand for renewable energy • To contribute to the installation and operation of new renewable energy generators across Australia, and achieve reductions in greenhouse gas emissions, beyond any mandatory requirements. 	Moderate	After clarification of additionality
Governance	3	<p>Consult with the Federal Government immediately on treatment of GreenPower in consideration of post-2020 targets, seeking a clear statement that clarifies the additionality of GreenPower.</p>	High	Immediate
Governance	4	<p>The NGPSG should engage with the COAG Energy Council Secretariat, the Federal Minister for Industry and Science (as Chair of the COAG Energy Council) and Council members in each jurisdiction to include a discussion about the GreenPower Program on the agenda for an upcoming COAG Energy Council Meeting. The discussion would aim to:</p> <ul style="list-style-type: none"> • Deliver a clear commitment at the Ministerial level to actively support and participate in the GreenPower Program. The nature of this commitment would need to be debated by the Ministers, and could vary by jurisdiction. A minimum commitment could be for those jurisdictions that are not already actively participating to participate as observers in NGPSG meetings, with a timeline for reviewing this participation and potentially moving to more active participation. Jurisdictions could also consider committing to a minimum GreenPower purchase to show support and build confidence in the Program. • Explore alternative governance models for the Program, including the advantages and disadvantages of an eventual transfer to the CER • Revise the vision and aims for the Program as appropriate • Provide a clear statement on how emission reductions achieved through the GreenPower Program relate to Australia’s international emission reduction targets. Ideally, this statement would indicate that voluntary purchases of GreenPower are additional to Australia’s national emission reduction targets. 	High	Available to commence



		<ul style="list-style-type: none"> Initiate any necessary action to deliver on this statement, such as surrendering international emission credits equivalent to the emission reductions achieved by the Program Remove any conflict between NCOS and the GreenPower Program Ensure GreenPower can be reported as an emission reduction under NGER. <p>Should the NGPSG be unable to take forward this recommendation through the COAG Energy Council, other avenues for engaging the Federal Government and other non-participating jurisdictions should be pursued that deliver similar outcomes.</p>		
Governance	5	<p>Establish a permanent Stakeholder Advisory Group to advise the NGPSG on:</p> <ul style="list-style-type: none"> Key developments in the marketplace and customer priorities Appropriate avenues to actively engage stakeholders in Program decision-making and operations Opportunities to increase the effectiveness of the Program. <p>Membership should be diverse and include at least representatives of GreenPower Providers, GreenPower Generators, residential customers, commercial customers, environmental NGOs and consumer advocacy organisations. The processes for selection of participants should be transparent and provide opportunities for all stakeholders to participate.</p>	Moderate	Available to commence
Governance	6	<p>The Program Manager should publish annual reports incorporating the following:</p> <ul style="list-style-type: none"> Strategies and actions for achieving the Program vision and aims Readily accessible, aggregated time series data on customer numbers and sales (in graphical format that does not require additional compilation) Reporting on the number of customers that buy different percentages of GreenPower (see Recommendation 17) A Program budget that breaks down Program spending into appropriate line items and justifies the spending. 	Low	Annual



Governance	7	Undertake a comprehensive review of the Program every 5 years to maintain the Program’s relevance and adapt to emerging policy, market and consumer priorities.	Moderate	Next in 2020
Funding	8	Maintain total funding at levels that support existing operations until such time as there is sufficient clarity on Program aims and governance structures to build a compelling business case for additional funding.	High	Ongoing
Funding	9	Introduce a discounted Provider fee structure for small-scale community energy projects. Eligible projects that demonstrate community ownership and that have sales below the threshold for the minimum \$5,000 payment would have the minimum fee waived. Instead, they would pay a nominal fee in the first year, and then a fee proportional to actual GreenPower sales in subsequent years. Normal Provider fees would apply if sales are above the minimum threshold.	Low	In fee advice for 2017
Funding	10	Consult with Generators (and Providers) on specific proposals to restructure Generator fees to follow a sliding scale, based on total capacity of accredited GreenPower Generators. A 50% discount is recommended for small-scale community-owned generators that meet eligibility criteria. Proposals should include staged transition to ameliorate impacts on particular Generators, and should consider the overall balance between Generator and Provider fees to spread the burden equitably.	Low	Consultation in 2016
Marketing and engagement	11	<p>Develop a detailed, fully costed <i>Marketing and Engagement Plan</i> to guide a refresh and relaunch of the GreenPower Program. The Plan should take into account outcomes emerging from COAG Energy Council discussions (Recommendation 4) but should not wait for completion of these discussions. All GreenPower stakeholders should be consulted in development of this Plan and proposed actions should be justified based on their likely impact on customer numbers and sales. The agreed Plan would be funded through increased Provider fees (Recommendation 8) and would be updated annually. It should address the following:</p> <ul style="list-style-type: none"> • The guiding vision and aims of the Program • Key marketing messages that align with the vision and aims. RoE recommended the following messages, although these would need further development and the accuracy of the claims requires scrutiny: 	High	Can commence, but completion depends on clarification of additionality



- GreenPower. The easiest way to invest in Australian renewable energy.
- GreenPower. Helping secure the future of Australia's energy.
- GreenPower. Helping create Australian jobs in the renewable energy sector.
- The target audiences for central GreenPower marketing and promotions and any variations in messaging needed to reach specific audience segments. We recommend retaining a broad focus on the 'green' consumer that wants to 'do their bit' but also considering specific messaging for tenants and apartment dwellers (who cannot invest in solar PV) and different types of commercial customer.
- Simple standard language on how GreenPower works, what it does and why it is valuable, stressing its additionality (once this is clarified), independence and credibility, and clarifying its relationship to other programs
- Minor revisions to the logo and taglines to stress key messages, such as the Australian content and make the accreditation function more prominent
- Customer retention strategies (see Recommendation 12)
- A revamped website with a more modern look and clearer separation between customer information and Program operation information
- Clear documentation on the responsibilities of the Program and Providers in relation to marketing, engagement and data provision, to ensure an integrated approach
- Updated logo usage guidelines to make the logo easier to use, facilitate its integration into Provider marketing and require prominent placement
- Proposed marketing channels and campaign strategies for the central marketing function
- Strategies for securing third-party endorsement of the Program (Recommendation 13).



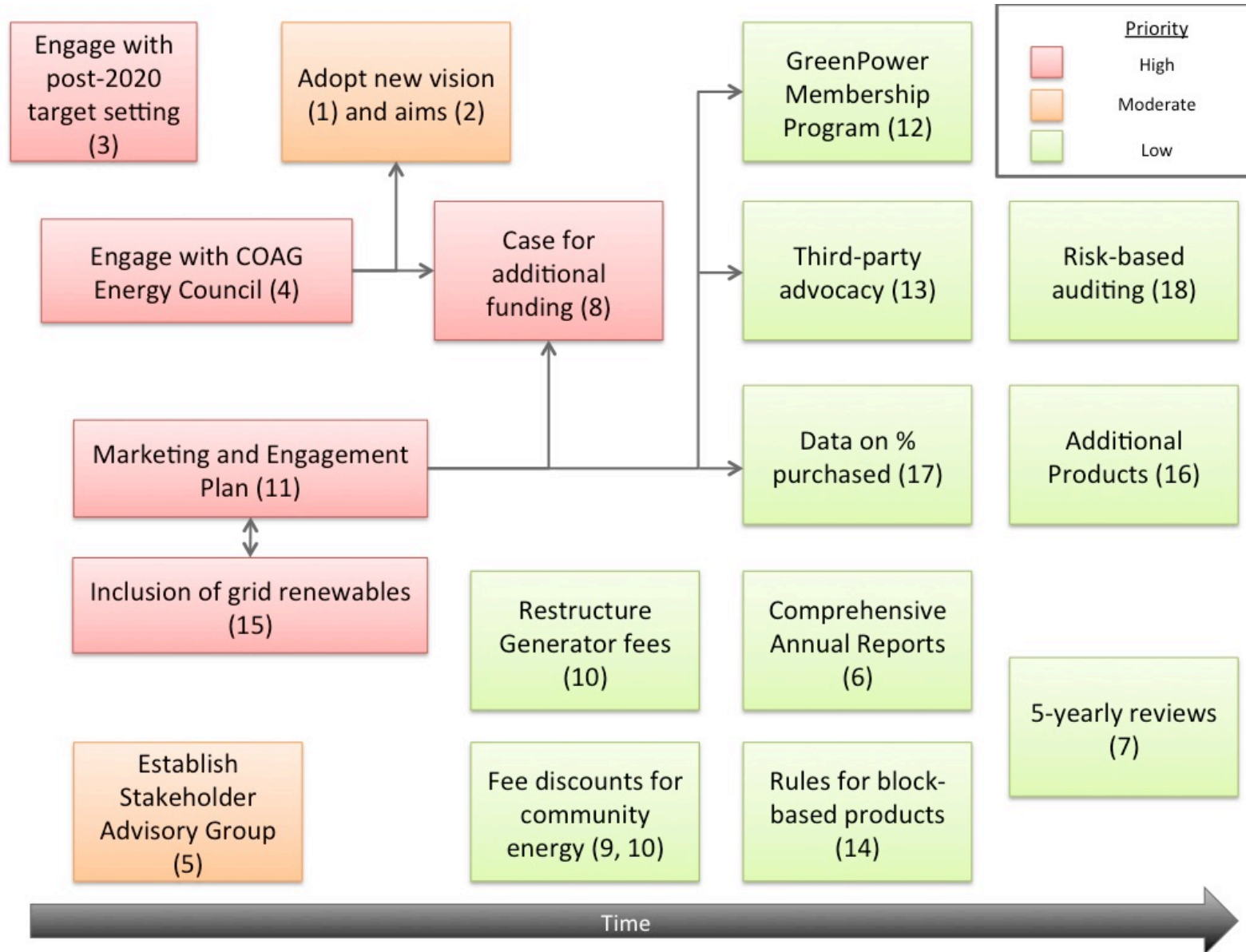
Marketing and engagement	12	<p>Establish a GreenPower Membership Program to engage the existing GreenPower customer base and improve customer retention and recognition. Specific actions could include:</p> <ul style="list-style-type: none"> • Regular brief communications from the GreenPower Program that highlight the overall impact of the Program, such as accreditation of new Generators, milestones in total GreenPower generation and so on. • Standard information provided on electricity bills about the individual and collective impact of each Member’s GreenPower contribution • Stickers and signage to make GreenPower purchases more visible in the community • Prizes and competitions • Electronic membership packs for new customers • Revamping the GreenPower website with a range of interactive statistics and infographics for customers • Social events and power station tours for customers • A voluntary register of commercial customers and the size of their GreenPower purchases to provide greater recognition and transparency for those customers. 	Low	To follow Marketing and Engagement Plan
Marketing and engagement	13	<p>As part of the Marketing and Engagement Plan (Recommendation 11), initiate discussion with interested third parties to secure their support for the Program. This support could take various forms, such as endorsing the Program on their website, promoting the Program to their members, or appearing in advertisements for the Program.</p>	Low	To follow Marketing and Engagement Plan
Program Rules	14	<p>Remove the minimum block-based Product purchase from the Program Rules and require Providers of block-based Products to demonstrate that their sales meet the minimum standard of 10% of actual household consumption. Acceptable approaches could include:</p> <ul style="list-style-type: none"> • Developing a reasonable estimate of actual household electricity use and ensuring that the minimum allowable block purchase is at least 10% of that estimate • Basing the minimum purchase on a conservative estimate of household electricity 	Low	To be in place for 2018 Rules



		use that is likely to take in most households, not just the average household.		
Program Rules	15	Adopt the principle that the contribution of grid renewables should be made clear to customers in GreenPower Products and communications. To implement this principle, develop a detailed proposal for a Rule change and undertake specific consultation with stakeholders on the options presented in Section 9.2.	High	Available to commence
Program Rules	16	<p>Develop a detailed business case and legal analysis for the following Products:</p> <ul style="list-style-type: none"> • GreenPower Direct / GreenPower Local • GreenPower Government Direct • GreenPower Limited. <p>If there is a strong case for introducing the Products, develop a Rule change proposal and marketing and engagement strategy for the Products.</p>	Low	After other priorities
Program Rules	17	Seek aggregated data from GreenPower Providers on the number of customers purchasing Products in each GreenPower percentage band, e.g. 10%, 25%, 50%, 100%, and the average GreenPower percentage. Report this data annually, as per Recommendation 6.	Low	2016 Annual Report
Program Rules	18	<p>Undertake consultation on adopting a risk-based auditing process, similar to the process used by the CER in auditing the RET. Audit candidates would be selected based on factors including:</p> <ul style="list-style-type: none"> • Issues identified during assessment of reports from Providers • History of compliance • Time since the last audit • Known issues associated with particular Generators or Products • Other factors to be determined. 	Low	After other priorities



Figure 6: Suggested timing of recommendations.



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APPENDICES

- A. Stakeholder consultation participants
- B. Summary of responses to submissions
- C. Review of GreenPower marketing and promotions



A STAKEHOLDER CONSULTATION PARTICIPANTS

Many stakeholders have contributed to the GreenPower Program review so far and have assisted with identification of issues and development of options. This Appendix lists participating organisations.

Issues Workshops

- Department of State Development (Government of South Australia)
- NSW Trade and Investment (NSW Government)
- Energy Retailers Association of Australia
- Environment Environment and Planning Directorate (ACT Government)
- Public Interest Advocacy Centre
- Sustainability Victoria
- WWF

Providers Forum

- ActewAGL
- ACXargyle
- AGL
- Alinta Energy Retail Sales
- Climate Friendly
- CO Zero
- Department of Trade and Investment (NSW Government)
- Dodo Power & Gas
- EnergyAustralia
- Momentum Energy
- Origin Energy

- Pacific Hydro Retail
- Red Energy
- Simply Energy
- Sustainability Victoria

Generators Conference Call

- Bioenergy Australia
- EDL
- Energy Supply Association of Australia
- Department of Trade and Investment (NSW Government)
- Infigen
- Hepburn Wind
- Meridian Energy & Powershop
- National Generators Forum
- Origin Energy

Options Workshop

- Alinta
- Bioenergy Australia
- Clear Environment
- Climate Friendly
- Department of State Development (Government of South Australia)
- NSW Trade and Investment (NSW Government)
- GPT Group

- Infigen
- Republic of Everyone
- Total Environment Centre

Interviews

- Brisbane City Council
- CHOICE
- Clean Energy Council
- Ergon Energy
- Good Environmental Choice Australia
- Origin Energy

Public Consultation Workshop

- Bioenergy Australia
- EnergyAustralia
- Energy Retailers Association of Australia
- ERM Power Retail
- GPT Group
- Origin Energy
- Public Interest Advocacy Centre
- Tim Kelly

Submissions

- Alliance for a Clean Environment
- AGL



- Brisbane City Council
- Clean Energy Council
- EnergyAustralia
- Energy Retailers Association of Australia
- ERM Business Energy
- Hepburn Wind
- Hydro Tasmania
- Infigen
- National Toxics Network
- Northern Rivers Energy
- NABERS
- Origin Energy
- Sky Farming
- Total Environment Centre
- Tim Kelly



B SUMMARY OF RESPONSES TO SUBMISSIONS

This Appendix summarises key points made in submissions to the Public Consultation Paper and outlines how they have been addressed in the Final Report.

Section	Submitter	Comment	Response	
General comments	Tim Kelly	NGPSG failure to comply with charter (page 1)	Added discussion of charter to section on governance	
	Tim Kelly	Failure to consult adequately with customers (page 1)	Recommended inclusion of customer representatives in revised governance arrangements	
	ERM	Decline in sales and customer numbers does not necessarily mean GreenPower is failing in the context of consumer choice and the broader marketplace	Further discussion to this effect added in Sections 2.3 and 2.7	
	Infigen	GreenPower has not been a significant factor in supporting recent renewable energy developments	Noted in Section 2.2	
	Tim Kelly (summary)		The Federal Government should assume overall responsibility for the success of GreenPower in Australia. As the Jurisdiction that makes the legislation and accounting frameworks it should also accept the responsibility to ensure that the GreenPower rules are consistent with legislation and integrated with climate and renewables policy.	Consistent with recommendations under Governance, although we recommend a more gradual process of engagement with the Federal Government
			The National GreenPower Steering Group should be an independent committee supported by the Federal Government to serve the best interests of the GreenPower program and GreenPower customers.	
			The National GreenPower Steering Group should include representation of GreenPower customers.	
			Renewable Energy (Electricity) Act (2000) should be amended so that renewable energy use and emission reductions are attached to Large- scale Generation Certificates for trading in GreenPower accredited electricity	
			Such changes are well beyond the scope of what the Program is responsible for and engagement with the Federal Government would be appropriate for any stakeholders that wish to pursue this issue. Further,	



Section	Submitter	Comment	Response
		contracts.	LCGs do provide legal proof of renewable electricity generation. We can see little justification for amending the Act to be more specific about ownership of emission reductions. Rather, the same ends can be achieved by clarifying additionality of GreenPower, and its treatment under NGERs, without pursuing changes to a piece of legislation that has already been heavily contested politically. In addition, no other submissions raised this issue as a concern. This suggestion is not pursued.
		The methodology for allocating end use emissions to electricity customers under NGER Act should be amended to provide for contractual accounting	Recommended that COAG Energy Council consider these points under Governance
		The National Carbon Offset Standard should properly incorporate GreenPower as a way to reduce emissions associated with electricity use.	
Executive Summary	Tim Kelly	Absence of a legal foundation that allocates renewable energy to customers	This issue was not raised by any other submissions and would require fundamental changes to National Electricity Law with impacts on many other programs. The benefits of such substantial changes are not clear and no further action is recommended.
	Tim Kelly	Note that the Program is ultimately customer funded, not industry funded	Updated throughout
Introduction	Tim Kelly	Greater Federal Government involvement is needed	Incorporated in recommendations on Governance
Section 1.2	Tim Kelly	Consultation with customers was not adequate during the Review and for the Program in general	Customers were consulted through six focus groups, customer representatives were involved in the Options Workshop and customers were invited to participate during the public consultation period. PIAC represented customer interests on the Advisory Group. Greater representation for customers in future Program governance is recommended in the section on Governance.



Section	Submitter	Comment	Response
Section 2.3	Tim Kelly	The GreenPower reporting processes should provide tabulated data on customer numbers and sales from 1997 to the current year. A continuous chart of customer numbers and sales from 1997 to the most recent yearly quarter should also be maintained on the website for all stakeholders to be able to see actual progress of the program.	Recommended under Marketing and Engagement.
Section 2.4	Tim Kelly	The NGPSG should release all their legal advice in relation to the following: <ul style="list-style-type: none"> • GreenPower being a product • Double counting issues • Legal allocation of attributes of renewable energy use and reduced emissions 	The ACCC has scrutinised the legal structure of the Program and has not raised any concerns about the current approach. No other submissions raised concerns about the definition of a GreenPower Product or the lack of legal allocation of the renewable energy use and emissions. These recommendations are not supported. As noted above, providing such allocation would require far-reaching changes to National Electricity Law for little apparent benefit. The additionality of GreenPower is considered in the section on Vision and Aims.
	Tim Kelly	Section 8.1 of the GreenPower Marketing Guidelines which reads “8.2 Carbon claims may refer to the individuals or entities reduction in emission intensity of their electricity consumption” should be deleted, unless there is legal reform.	The ACCC scrutinises the claims made by the GreenPower Program and GreenPower Providers and has not raised any current concerns. The Final Report does make recommendations under Governance to clarify issues of additionality and legal status so that appropriate claims can be clarified.
	Tim Kelly	If there are no reforms to legislation, standards and accounting frameworks, remove all references to GreenPower as a “product” and consistently refer to GreenPower as a tariff .	Not supported, for reasons listed above.
	Tim Kelly	The Review should not skip across significant issues that are barely mentioned or not mentioned. The Review should	The Review makes it clear that GreenPower customer numbers and sales are in decline and goes into detail on



Section	Submitter	Comment	Response
		acknowledge and address crisis in confidence in GreenPower integrity, value for money, product definition allocation of attributes.	the many factors contributing to this decline. The purchasing decisions of particular customers (in this case State and Territory Governments) are not appropriate to discuss in a Review covering the Program in its entirety. GreenPower is not always the best choice for all customers and it remains a voluntary, premium product. No changes made.
Section 2.6	Tim Kelly	GreenPower should not be trivialised as “small but valuable”.	The report simply states that a reduction in greenhouse gas emissions of 0.6% is small, while recognising that all reductions are valuable. It is difficult to see how this trivialises the Program. No changes made.
	Tim Kelly	GreenPower should be supported to become a much larger emission reduction Program	The submission seeks a very different role for GreenPower and raises the potential that GreenPower Products could become lower cost than standard electricity contracts. However, the market sets the cost of GreenPower, based on the price of LGCs and the shared cost of administering the Program. Under current arrangements, if we reached a point where renewable energy is the cheapest option on the spot market, then it will come to dominate the market and no further support through government Programs like GreenPower would be needed. GreenPower’s role is as a premium product choice that lets customers provide additional support for renewable energy while it is not commercially viable. This is discussed in the section on Vision and Aims.
Section 3.1	Tim Kelly	Insufficient consideration of double counting	Considered in recommendations under Vision and Aims
	Tim Kelly	The National GreenPower Steering Committee should be leading and advocating for reforms across jurisdictions and promoting its advocacy in a public manner rather than operating in closed meetings behind closed doors	Considered in recommendations under Vision and Aims, and Governance
Section 3.2	Tim Kelly	The Review must consider how to change the structure of GreenPower provided to consumers so that it becomes a	See comments above. The operation of the NEM and the National Electricity Law do not allow this kind of



Section	Submitter	Comment	Response
		product choice that is independent of grid mix electricity pricing. Retail renewables will not succeed if they remain as an extra penalty on grid electricity, particularly when renewables become cheaper than fossil fuels.	product choice. The current National Electricity Rules do not require disclosure by electricity retailers of the fuel mix of electricity supplied to customers.
	Tim Kelly	Many households are willing to continue to pay for GreenPower after buying solar PV	This is speculation, without any basis in data. The limited data available to the Review indicates that installing solar PV is a key reason cited by customers for withdrawing from GreenPower. Some customers may indeed do both but the evidence points to these customers being relatively rare. No changes made.
	Tim Kelly	It is therefore important for the review to focus on reforms that first create the integrity and value for money of GreenPower, and then seek to elevate the concept to be considered as a real part of the electricity retail market, before there can be any consideration of diversity	The Review makes recommendations aimed at preserving the integrity and value for money of GreenPower. Integration of GreenPower with other considerations relating to the electricity market is discussed in the section on Governance.
Section 3.3	Tim Kelly	Further research is required to determine whether the lack of consumer confidence in the integrity and value for money of GreenPower, also plays a key part in why a large proportion of residential customers that do not continue with GreenPower once they have installed household PV systems. Research is also required to understand why commercial and industrial customers are not buying Greenpower. For the larger commercial and the big industrial customers there is less opportunity for onsite renewables and the reasoning for not taking up GreenPower is more likely to be related to cost, integrity and value for money.	Walker (2011) looked at the former issue, as cited in the Public Consultation Paper. Basically, solar PV is just a better investment – there was no evidence that customers were concerned about GreenPower integrity. RoE held focus groups with business customers as part of the Review. Value for money and lack of brand recognition were key factors in failure to purchase.
	Tim Kelly	The submission advocates for changes to the Energy Made Easy website	Energy Made Easy is not the subject of this Review.
	Tim Kelly	Voluntary surrender of LGCs is a key source of competition	A note has been added to this effect in Section 3.3



Section	Submitter	Comment	Response
	Tim Kelly	The GreenPower Review must address all aspects of fair and unfair comparisons of competing products and interactions with mandatory renewable energy programs including volumetric GWh targets and percentage targets	While beyond the direct control of the Program, the recommendations on Governance address these issues
	Tim Kelly	The Program has not adapted rapidly enough to changes in the policy and market environment	Addressed in Governance recommendations
Section 4.1	Tim Kelly	There must be reforms of Australia's Renewable Energy (Electricity) Act 2000 to describe and incorporate attributes of renewable energy and entitlements to contractually claim lower emissions in order for a genuine customer renewables market in Australia. The Review should address why Australia so backward in making reforms such as to incorporate emission reduction and renewable energy use into LGCs.	These recommendations have not been pursued, for the reasons outlined above.
Section 4.2	Tim Kelly	The GreenPower Review should describe principles for the NGPSC to advocate for, and participate in, renewable energy policy reform in a public and transparent manner. This would transform the NGPSG from being focussed on what might happen in national policy development towards being an effective advocate for policy reform and the outcomes that would benefit GreenPower customers. Only then, will there be opportunity for GreenPower to have a meaningful place in programs such as the Emissions Reduction Fund.	Recommendations to this effect are made in the sections on Vision and Aims, and Governance
Section 4.3	Tim Kelly	This Review should identify that GreenPower is not covered by the NCOS and make recommendations that the GreenPower Program is reformed and covered by a national legal framework and standard	The text in Section 4.3 has been amended to note that GreenPower is recognised under the NCOS Carbon Neutral Guidelines, not under NCOS itself. Interactions with NCOS are a matter for the Federal Government and advocacy pathways are discussed in the sections on Vision and Aims, and Governance.
Section 4.4	Brisbane City	Additionality is not essential if national emission reduction	Added discussion in Section 4.4



Section	Submitter	Comment	Response
	Council	targets are adequate	
Section 5.1	Tim Kelly	Inadequate consultation with GreenPower customers	Recommended inclusion of customer representatives in revised governance arrangements
	Tim Kelly	State governments and industry stakeholders potentially have conflicts of interest in relation to the Program	Most submissions valued the role of government in the Program as providing credibility and independence from the Providers and Generators. There is no conflict of interest in governments running a Program and making decisions based on what they see as the public interest. Industry stakeholders naturally represent their interests in consultation processes, as appropriate.
	Tim Kelly	The GreenPower Review should aim for a Governance structure that is primarily about providing integrity, acting in the best interests of GreenPower customers, and integrating with the Federal Government frameworks for reform.	The recommendations made on Governance are consistent with these comments
Option A1	Tim Kelly	Not supported	As the weight of submissions preferred A2, we recommend revisions to the aims, including removal of the awareness aim
	ERAA, Origin	Most of the aims are still relevant, but removal of the awareness aim is supported	
	Sky Farming	Supported	
Option A2	Tim Kelly	Ideally there would be reforms to legislation and the NGER accounting Frameworks to enable the Framework to restore and include the aim of supporting customers to be able to contractually buy and claim use of renewable energy and reduced emissions.	Legislative reform could be advocated by the Program, as discussed in the sections on Vision and Aims, and Governance
	Tim Kelly	Should the A2 Option be adopted with the wording proposed, additional wording must be added to inform GreenPower customers that reduced emissions and renewable energy use are allocated across all consumers, not the GreenPower paying customer.	Such additions are not appropriate as part of Program aims, which need to be simple. Additionality is considered elsewhere.
	AGL, EA,	Supported, with the omission of the third aim	The recommended aims omit the third aim, which was



Section	Submitter	Comment	Response
	ERM		not supported. However, they also retain the original aim relating to growth in consumer demand, as proposed by Brisbane City Council.
	BCC	Supported, but with proposed changes to the wording to recognise that greenhouse gas emissions are not currently additional to mandatory targets and retention of an aim related to growth of consumer demand	
	ERAA, Origin	Not supportive of the third aim	
	Infigen	Supported	
	Northern Rivers Energy	Support, with inclusion of small-scale renewables	
Option A3	EA, ERAA, ERM, Origin, Tim Kelly	Not supported	Not recommended
Option A4	ERAA, ERM, Northern Rivers Energy, Origin	Not supported	No targets are recommended, although the Program may wish to develop internal indicators
	Infigen	Supported	
Option G1	Tim Kelly	Not supported as current governance is failing	Revised Governance arrangements are recommended in the Final Report
	ERAA, ERM, Origin	No objection to this option	
Option G2	Tim Kelly	Not supported as State Governments have failed to effectively manage the Program	The recommended Governance arrangements do expand the NGPSG, but seek to explicitly involve the Federal Government
	ERAA, Origin	Retailer representation required	This will be achieved through a Reference Group, rather than expansion of the NGPSG
	ERM	Opposed due to confidentiality concerns	The option of bringing Providers into the NGPSG has not been pursued



Section	Submitter	Comment	Response
	Infigen	Support engagement of Federal Government in NGPSG as interim option	Recommended under Governance
Option G3	AGL	Strongly supported, with inclusion of customer representatives from an environmental and consumer rights perspective	Recommended under Governance
	BCC	Supported, with representation from large customers	
	CEC, Infigen	Supported	
	ERAA, ERM, Origin	No objection, as long as retailers are represented	
Option G4	Tim Kelly	Supported in principle, with Federal Government to have ultimate responsibility, alongside a ten member NGPSG with diverse membership	Moving to this option would require significant engagement with the Federal Government, which is recommended under Governance in the Final Report, although the ultimate outcome is left more open
	CEC	Support for closer Federal Government involvement, potentially through CER, but noting this would require legislative change and should only be pursued if it is realistic	Engagement with the Federal Government on these matters is recommended under Governance
	Infigen	Supported, potentially via CER	
	Origin	Not viable without engagement with Federal Government	
	Sky Farming	Supported via Federal Government	A shift to a totally new governance organisation is not recommended in the Final Report
	ERRA, ERM	Not supported as costs are likely to outweigh benefits	
	NRE	Not supported due to potential influence of federal politics	The Program would be no less subject to political interests if run solely by state governments, and there are significant advantages to federal participation. Hence engagement with the Federal Government is recommended.
Governance options	EA	A case for change in governance has not been made. If a change is made, cost-benefit analysis is important and	The Governance section documents the case for a change in governance and a pathway for advocacy and



Section	Submitter	Comment	Response
		retailer representation is required	consultation
Option F1	AGL	AGL recommends deferment of consideration of funding levels and structures until issues associated with program aims, governance and advocacy are resolved	We agree in general that major changes to funding should be deferred until recommendations on Governance are resolved, but some structural changes are still possible in the interim
	ERAA, Origin	Retailers do not believe additional funding is required until aims are clarified and agreed. There is currently no transparency on Program spending or the methodology used to calculate Provider fees, and therefore we cannot assess the appropriateness of additional funding.	We agree that clarification of aims is needed before any additional funding could be justified. Provider fees were determined through an industry consultation process. We agree that reporting on Program budgets is desirable.
	Tim Kelly	Greater recognition of customer funding is needed	Added to the Funding section
Option F2	ERAA	The need for additional fees has not been demonstrated. Increased fees would likely see prices of GreenPower products rise, which may contribute to further decline in product uptake. If fees are increased some Providers may withdraw from the Program.	Additional fees are not proposed at this time
	Infigen, NRE, Sky Farming	Supported	Support is noted, however the weight of views is that funding should not be increased until aims and additionality are clarified and the increased funds are justified
	Origin	Additional fees not supported, as they would be passed through. Marketing should be left to the Providers, with minimal central marketing focusing on credibility, understanding and interactions with other programs	Additional fees are not proposed at this time
	Tim Kelly	In addition to marketing and promotions, additional funds are needed to improve the capacity of the Program to engage in policy reform, to engage with GreenPower customers including to host regular accessible forums, to respond to the key Charter responsibility to “Address and resolve strategic and policy issues as they arise;” (not years after).	The Program Manager has the capacity to take on these tasks within existing budgets



Section	Submitter	Comment	Response
Option F3	ERAA, Origin	The need for additional fees has not been demonstrated. Retailers unlikely to object to GreenPower seeking additional funding from other sources, however it is not clear what sources exist.	Additional fees are not proposed at this time
	Infigen	Supported	Support is noted, however the weight of views is that funding should not be increased until aims and additionality are clarified and the increased funds are justified
	Tim Kelly	Not supported as it is appropriate for the Program to be funded by its users	Agree with this principle and have not pursued this option
Option F4	ERAA	Retailers are unlikely to take issue with this however the exact methodology must involve consultation with retailers.	Lack of strong support for this option means there is little value in taking it forward
	NRE	Supported	
	Origin	Likely to increase complexity and the benefits vs. the costs would need to be established	
Option F5	BCC	Support to waive or discount accreditation fees for community-owned generators and projects developed by local government authorities	A recommendation on support for community energy projects is included in the section on Funding
	Hepburn Wind	Hepburn Wind advocates for an equitable system based around size, such as the model that is used by the Clean Energy Regulator. We advocate that the approval process could be simplified for CE projects that meet a certain criteria and offered at a reduced rate. Furthermore, we suggest that the annual ongoing fees for a community generator, such as Hepburn Wind, be waived once they have proved eligibility. Quarterly reports could be replaced by an annual report to reduce administrative burden on both parties.	Recommendations for restructuring Generator fees and supporting community energy are made under Funding
	Infigen	In-principle support for greater equity but concerned that costs may exceed benefits for Generators	The recommendations under Funding seek to improve equity without increasing the total burden on Generators



Section	Submitter	Comment	Response
	Origin	Not necessary	Noted, however some restructuring to improve equity has broader support
	Sky Farming	Support for a sliding scale based on rated MW, with application complexity reflecting the size of the project	Recommendations for restructuring Generator fees and supporting community energy are made under Funding
Funding	CEC	There needs to be clarity on what GreenPower is, and its additionality, before funding models can be considered. Provision of greater resources for central marketing could be considered at that point.	We agree in general that major changes to funding should be deferred until recommendations on Governance are resolved, but some structural changes are still possible in the interim
Funding	EA	We would not support any option that requires a greater provider contribution unless we had visibility of how existing funds were being spent; a plan for how any increase in funding would be allocated, with direct reference to the aims of the scheme; and assurance of a positive return on investment. As additional costs will be passed on to consumers, they may be counter-productive given current price sensitivities. Reducing operating costs may even be possible.	Agreed that a clear, costed Marketing Plan would be needed to justify any future increase in funding. We do not believe a decrease in funding would allow the Program to continue to meet its aims..
Funding	ERM	Options F1 to F4 opposed due to lack of justification for fee increases, which would be passed on to customers. Proposed an alternative option to review the effectiveness of Program spending with a view to decreasing fees.	No additional funding is recommended at this time, however decreases in spending are unlikely to be feasible while still meeting Program aims
Option M1	ERAA, ERM	Supported. Providers would like to see greater transparency of current Program spending, including what central marketing activities are being undertaken by GreenPower.	Recommendations on additional reporting are included under Funding. We believe there is a case for increased central marketing to improve overall uptake of GreenPower, but this case needs to be fully documented in a costed Marketing and Engagement Plan.
Option M2	AGL	More appropriate for Providers than the Program	We believe there is still a role for GreenPower brand-based engagement alongside Provider engagement
	BCC, Tim	Supported	Recommendations on customer engagement are



Section	Submitter	Comment	Response
	Kelly		included under Marketing and Engagement
	ERAA, ERM	Opposed, as increased engagement will increase costs and worsen the cost-competitiveness of GreenPower Products.	The GreenPower budget is a very small fraction of the total cost of GreenPower to the customer and a modest increase to cover increased engagement would be manageable, as long as the benefits are clearly documented in a Marketing and Engagement Plan.
	Infigen	Strongly supported	Recommendations on customer engagement are included under Marketing and Engagement
Option M3	AGL, ERAA	More appropriate for Providers than the Program, costs likely to outweigh benefits	Brand-based marketing could be designed with broad reach, or to target specific groups such as tenants, or commercial customers. As such, it is important for the Program to make decisions on target markets.
	BCC	Supported	Recommendations on marketing focus are included under Marketing and Engagement
	ERM	The equity of providers funding marketing only a subset of consumers should be considered. For example, ERM Power would not support any central marketing activity that specifically targeted residential consumers. As a business-only retailer, it would not be equitable to require our customers to fund such activity.	A narrower marketing focus would target particular segments within the residential and business sectors, not one sector or the other
	Infigen	Strongly supported	Recommendations on marketing focus are included under Marketing and Engagement
	Tim Kelly	Not supported, preference for broader marketing	Recommendations on marketing focus are included under Marketing and Engagement
Option M4	AGL	AGL considers this an appropriate option with caveats. Without a resolution of the additionality criteria and subsequent clarification of aims there is no underlying basis for revised marketing objectives to be set, reducing the potential impact of any refresh or relaunch.	Agreed that resolution of additionality, aims and governance is needed before any relaunch. There are some improvements that can be made in the interim, as discussed in Marketing and Engagement.



Section	Submitter	Comment	Response
	BCC, NRE, Sky Farming, Tim Kelly	Supported	Recommendations on a brand relaunch are included under Marketing and Engagement
	ERAA, ERM	Not supported, as costs likely to outweigh benefits and marketing is better left to the Providers.	We believe there is a case for increased central marketing to improve overall uptake of GreenPower, but this case needs to be fully documented in a costed Marketing and Engagement Plan.
	Infigen	Strongly supported	Recommendations on a brand relaunch are included under Marketing and Engagement
Option M5	ERAA, ERM	Retailers view this option as too drastic and believe the costs are likely to outweigh the benefits.	This option has not been taken forward
	Tim Kelly	Rebranding would increase confusion	
Option M6	AGL	More appropriate for Providers than the Program	The idea here is for third parties to endorse the GreenPower brand as a whole, so this seems more appropriate for the Program to pursue than Providers
	ERAA	No objection, as long as there is consultation	Recommendations are included under Marketing and Engagement
	ERM	Oppose, although submission notes there could be potential benefits	As reasons for opposition are not provided, we have proceeded with recommendations under Marketing and Engagement
	Tim Kelly	Endorsement by bodies that would assure the legality and integrity of the Program, such as the legal profession, would be supported. Endorsement by environmental NGOs is not supported.	Processes for improving the integrity of the Program are recommended under Governance. We do not believe third party endorsement by the bodies listed would be more effective than having the COAG Energy Council get behind the Program.
Option M7	AGL, ERAA	More appropriate for Providers than the Program	Agree that Providers should take the lead here, but there is a role for the Program in facilitating innovation
	ERM	Opposed, as benefits may not outweigh costs	Providers would take the lead, where there is a clear business case, with the Program facilitating



Section	Submitter	Comment	Response
	NRE	Supported	Recommendations on Product offerings are provided in the Rules section
Marketing and Promotions	EA	The core role of the centralised marketing function should be to support individual providers in promoting GreenPower to their target market. We consider that pursuing a marketing strategy which involves the development of materials and messaging to assist retailers' own marketing activities could be done within or even below the current marketing budget.	A relaunch in which the Program focuses on building brand recognition and credibility for GreenPower, and supports Providers to undertake Product-specific marketing, is recommended in the Final Report
Marketing and Promotions	ERM	We propose that central marketing activity is minimised (to include only website maintenance and to facilitate logo usage approvals). Providers are best placed to promote the Program through the GreenPower products they offer.	Recognition and credibility of the GreenPower logo and brand is poor, and some central marketing is needed to refresh the Program and support Providers. The case for central marketing needs to be fully documented in a costed Marketing and Engagement Plan.
Marketing and Promotions	Origin	Increase in central marketing is not supported as it would increase cost of Products to customers. Marketing should be primarily left to the Providers. Greater transparency is needed on current marketing activities.	Central marketing is a tiny proportion of the total cost of GreenPower Products and we do not accept that it would be a material factor in the decision to invest in GreenPower. A relaunch in which the Program focuses on building brand recognition and credibility for GreenPower, and supports Providers to undertake Product-specific marketing, is recommended in the Final Report. Additional reporting on GreenPower Program budget spending is recommended under Funding.
Marketing and Promotions	Tim Kelly	Any increase in marketing should be deferred until issues of additionality and legal status are resolved	Agreed
		The GreenPower Marketing Guidelines (2012, p. 5) Section "8.2 Carbon claims may refer to the individuals or entities reduction in emission intensity of their electricity consumption" guide customers to claim emission reductions for their activities in contradiction top Australia's legal frameworks, NGER Determination and sit outside the NCOS and other Standards. This section should be deleted. GreenPower has no mechanism to be allocated to	The ACCC scrutinises the claims made by the GreenPower Program and GreenPower Providers and has not raised any current concerns. The Final Report does make recommendations under Governance to clarify issues of additionality and legal status so that appropriate claims can be clarified.



Section	Submitter	Comment	Response
		GreenPower customers or their activities. GreenPower has no legal mechanism to be allocated towards the Green Star Performance Rating Tool.	
Option R1	EA, ERAA	No objection to maintaining current Rules	The weight of customer feedback supports revisions to some specific rules, as recommended under the section on Program Rules.
	ERM, NRE, Tim Kelly	Oppose	Changes to the Program Rules are recommended in the Final Report
	Origin	No major concerns about current Rules but recognise some opportunities for improvements exist	Opportunities for improvements are recommended in the Final Report
Option R2	BCC	Opposed, as this would divert support from large-scale renewable energy generators that most need support	On balance, our view is that the risks to the credibility of the Program and the complication of messaging are not worth the benefit of allowing a very small number of additional generators to seek accreditation. This option is not pursued further.
	EA	No objection, as this could potentially lower costs	
	ERAA	Retailers unlikely to object	
	NRE	Not supported	
	Sky Farming	Not supported, as it further complicates the GreenPower offering	
	Tim Kelly	Not supported, as this compromises the Program	
Option R3	BCC	Not supported if it would make accreditation more costly, onerous or difficult	On balance, the cost and complexity of introducing additional eligibility requirements that would reduce alignment with the RET is not justified. This option is not pursued further.
	EA	Opposed as inconsistent with the aims of the Program	
	ERAA, ERM	Increase in cost, complexity and administration burden outweighs any environmental benefit that might be achieved	
	NRE	Support	
	Sky Farming	Opposed, as accreditation is already onerous	
	Tim Kelly	Not supported	



Section	Submitter	Comment	Response
Option R4	AGL	AGL does not support any move to include accreditation of small scale generators. From 1 January 2011 STCs created by SGUs under SRES have not been eligible for GreenPower. AGL continues to support this position. Inclusion of SGU's will add a level of complexity and hence cost to GreenPower as well as raising potential issues regarding the integrity of the product (due to deeming), commercial considerations (interaction with SRES targets and spot prices) and regulatory burden (forecasting).	The weight of submissions does not support inclusion of STCs under GreenPower, due to concerns about disruption of the LGC market, price differentials, deeming and undermining the additionality of the Program. The proposal by TEC is interesting, but would further complicate a market that can already be very confusing for customers. This option is not taken forward at this time.
	BCC	Not supported, as this would divert support from large-scale generation that is most in need	
	CEC	Supported in principle, but due to the uncapped nature of the SRES and the use of deeming, more work would be needed to ensure that additionality of the Program is maintained	
	EA, ERAA, ERM	Opposed, as this potentially disrupts the LGC market and reduces support for large-scale renewable energy, due to expected price differential between STCs and LGCs	
	Infigen	Opposed, as this could fundamentally harm the GreenPower brand by delivering renewable energy that is not above and beyond mandatory requirements	
	NRE	Strongly supported as providing an option for local community energy facilities	
	Sky Farming	Not required	
	TEC	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	



Section	Submitter	Comment	Response
		contributing to the existing RET.	
	Tim Kelly	Not supported due to risk of double counting	
Option R5	EA, ERAA, ERM, Origin	Opposed, due to impact on long-term agreements and supply of LGCs	This option is not pursued further due to lack of stakeholder support
	Infigen	Opposed, due to increase in complexity and impact of retrospective changes	
	NRE	Opposed, due to potential for perverse outcomes for little benefit	
	Sky Farming	Oppose – does not matter how old renewable generation is	
	Tim Kelly	Opposed – current baseline is well understood and supported	
Option R6	AGL	AGL supports the increase of GreenPower product content. The specific increase should be considered only after the resolution of the additionality aspects and whether the Review will adopt the recommendation to allow for RET input into the “grid mix”.	This option divided stakeholders. Those in favour of an increase in the minimum percentage product were focused on the credibility of the scheme. Those against were concerned that additional customers would be lost by increasing the minimum percentage. We find the arguments against a change more convincing. In a price-sensitive environment, an increase of the minimum GreenPower purchase could hasten the current decline in customer numbers and sales. This would have a more detrimental impact on Program credibility than the existence of a 10% GreenPower Product, which appropriately provides customers with an option to provide a level of voluntary support for GreenPower at a reasonable cost. We believe it is better to give customers an option they can afford than to force them out of the market for GreenPower. We believe a purchase of 10% GreenPower above and beyond grid renewables remains a credible minimum standard and
	EA	We oppose increasing the minimum GreenPower content of residential products beyond 10%. EnergyAustralia believes that retailers should be free to make decisions around the products that they offer and if they determine that there is an appetite for a 10% (or even lower) product in the market that this should be acceptable as, regardless of the percentage, any sale of GreenPower is still an investment in renewable energy.	
	ERAA, Origin	Retailers do not support increasing the required GreenPower content as this would impact a large number of existing GreenPower customers who are choosing to participate in the scheme at 10%. This may decrease the general attractiveness of GreenPower and limit the ability of	



Section	Submitter	Comment	Response
		some customers to purchase GreenPower products, further reducing customer numbers due to increased price. This may also cause some Providers to exit the scheme.	this option has not been pursued.
	ERM	This would increase the cost of minimum GreenPower products. We expect the number of customers that would stop purchasing GreenPower products as a result would exceed the number of customers who would choose to purchase the higher minimum GreenPower product.	
	NRE	Support – Improves the integrity of the program	
	TEC	Supported – in order to increase the scheme’s credibility we regard 50 per cent as the minimum GP product that should be available...The integrity of GP is tainted by 10 and 20 per cent products, giving the impression of tokenism or greenwash...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.	
	Tim Kelly	Supported. Green Tokenism at 10% has actually been a barrier to understanding GreenPower sales. A higher starting point is required above the Renewable Power Percentage. The starting point should be the Renewable Power Percentage and old pre 97 renewables for which most customers pay for (say around 15%). The minimum GreenPower contribution should be 35% above this for 50% Renewable energy. (Old renewables & Minimum RPP + GreenPower).	
Option R7	EA, ERAA, Origin	Supported	This option again divided stakeholders. On balance, our view is that a lower threshold for logo use is inappropriate and would undermine the integrity of the
	ERM	Opposed - This might result in customers who currently	



Section	Submitter	Comment	Response
		purchase a 10% GreenPower product reducing their GreenPower proportion to align with the new minimum threshold.	Program and the value of the logo, as well as possibly reducing sales from existing customers. Commercial customers are not prevented from purchasing less than 10% GreenPower, and of publicising that fact without using the logo. This option is not pursued. We also do not see a compelling case to increase the minimum percentage required for logo use.
	NRE	Do not support - Understand the issue but concerned about the integrity of the program.	
	TEC	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.	
	Tim Kelly	Absolutely not supported. Green tokenism must be avoided.	
Option R8	AGL	Supported. AGL understands the legacy of GreenPower and why considerations of other legislative instruments such as the RET were not specifically accounted for in the past. However there are at present material levels of renewable energy currently in the “grid mix” and it is more rather than less likely to increase over time. Therefore it is appropriate at this juncture to revise the rules such that GreenPower calculations address the level of renewable energy in a manner that enables effective response over time.	Given the level of support for this option, and the likely value in simplifying communication about what the Program is and does, this option is recommended under Rules in the Final Report. Measures to implement the option and address administrative challenges are also recommended.
	CEC	Supported, as this allows clear messaging about additional support for renewable energy	
	EA	Opposed due to administrative complexity	
	ERAA	This option may reduce GreenPower costs for the consumer and potentially increase product uptake. If this was to be implemented, the program would need to publish the	



Section	Submitter	Comment	Response
		percentage to be applied for each calendar year at least three years in advance. This would recognise that hedging contracts are purchased years in advance, and reduce the administrative complexity and risk of Providers attempting to forecast the correct percentage.	
	ERM	This option is likely to reduce the cost of GreenPower-accredited products. However, if this change was to be implemented, providers would need to be notified about 4 years in advance of the effective date. This is because hedging contracts will already have been entered into for that period that otherwise would not have been required. If insufficient notice is given, the value of these hedges may not be recognised, representing significant losses to providers.	
	Infigen	Supported, noting that all GreenPower Products would need to be revised, but the challenges are worth managing to support clearer communication	
	NRE	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%	
	Origin	Supported, due to the reduction in costs for 100% GreenPower customers	
	Sky Farming	Supported, although it is a minor issue	
	Tim Kelly	Supported	
	Tim Kelly	In addition, the annual GreenPower Report should disclose the breakdown of customer contributions. How many are minimum customers, how many are mid-range and how many buy 100% GreenPower across their electricity account/accounts. Is it the case that most GreenPower	A recommendation to collect these data from Providers is made under Program Rules, and recommendations on reporting are made under Governance.

Section	Submitter	Comment	Response
		customers are minimum 10% GreenPower contributors?	
	NABERS	Raises concerns about the impact of this change on carbon accounting under NABERS. The submission indicates that it would no longer be possible to fully offset electricity emissions.	While it would require a revision to NABERS accounting, this issue seems fairly straightforward to address. As long as the electricity emission factor used to calculate normal emissions reflects renewable energy already in the grid, then the additional purchase of GreenPower will be sufficient to offset the residual emissions. NABERS would just need to recognise that the emission factor for the non-renewable electricity that is offset is higher than the average grid emission factor, so the value of the offset is similarly higher.
Option R9	EA	We oppose the removal of block-based GreenPower products on the basis that significant numbers of legacy customers are on these products.	Although feedback was mixed, we recommend block-based Products are retained as another option for customers. However, revisions to the rules relating to block-based Products are recommended in the section on Rules.
	ERAA, Origin	Retailers do not support the removal of block based products as this simply serves to further reduce potential GreenPower sales volumes.	
	NRE	Support – these are misleading	
	Tim Kelly	Agree – Block based products untied from electricity procurement actually create a barrier to the reform and development of a genuine retail electricity market. If we are to move towards contractual renewable electricity markets as a genuine alternative product rather than as a penalty, then there is no place for GreenPower Block Products.	
	NABERS	NABERS raises concerns about removing the ability for commercial customers to make bulk purchases.	This was not the intention of this option, which is focused on residential block-based products.
Option R10	ACE	ACE would like to make it clear that its does not support the inclusion of Waste to Energy incineration in The National GreenPower Accreditation Program in the form of waste	This option provoked strong opposition from particular stakeholders due to concerns about the potential to include waste from energy in the Program. While a



Section	Submitter	Comment	Response
		<p>burning or biomass burning. ACE is strongly opposed to these technologies receiving renewable energy funding or subsidies that should be directed to real renewable energy technologies such as PV, wind, wave and solar thermal. There is a massive political push across the country to force waste to energy into the power generation mix under the guise of renewable energy. Other countries such as France are dismantling their waste incinerator inventory as they have realised they are polluting and undermine recycling and other sustainability objectives. To this end we believe that the The National GreenPower Accreditation Program should not be fully harmonised with the LRET and further we believe that both WTE incineration and biomass incineration should be removed from the LRET.</p>	<p>review of eligible generation technologies does not necessarily mean that waste to energy would be included, we recognise that the benefits of such a review are minimal if they did not result in alignment with LRET. On balance, our view is that there is no compelling case to review eligible generation technologies at this time and this option is not taken forward.</p>
	EA	<p>We support a review of eligible generation technologies and support alignment with the LRET.</p>	
	ERAA, Origin	<p>Alignment with the LRET makes sense</p>	
	ERM, Origin	<p>Supported – if greater generation technologies become eligible, there would be greater supply of GP-LGCs, and therefore the cost of procurement may be lower than the counterfactual.</p>	
	Infigen	<p>Infigen is concerned about the potential reputation damage to the Program from inclusion of waste to energy technologies.</p>	
	NTN	<p>Our view is that waste to energy should continue to be excluded from GreenPower eligibility rules and that it should no longer be eligible under LRET either.</p>	
	NRE	<p>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</p>	



Section	Submitter	Comment	Response
		GHG that would otherwise be the case.	
	TEC	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.	
	Tim Kelly	One way to destroy any residual confidence in the integrity and value of GreenPower would be to extend the program to include electricity from native and old growth forests, waste coal mine gas and other socially unacceptable sources. The current provisions are better than LRET requirements and they should be. Please do not compromise the program any further.	
Option R11	BCC	Council strongly supports the option to introduce new GreenPower product types. In particular, Council would like to see a streamlined option for large GreenPower customers purchasing directly from the renewable energy market, rather than via a GreenPower Product Provider. Large customers that directly procure LGCs must currently become an accredited Provider or enter into an agreement with a Provider, neither of which is efficient. Allowing direct procurement would align with NCOS.	Although the lead role of Providers in identifying and developing commercially viable products is recognised, there is nevertheless a role for the Program in facilitating innovative product development. Recommendations to this effect are made under the section on Program Rules.
	EA, ERAA, Origin	We support the expansion of the GreenPower Product family however we consider that retailers are best placed to innovate and propose alternative products for approval.	
	Infigen	Development of additional products is a lower priority than focusing on promotion of the existing Program. However, Infigen recognises that there are opportunities to develop new Products that will allow some current renewable energy purchases to buy GreenPower instead of pursuing other options.	



Section	Submitter	Comment	Response
	NRE	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.	
	TEC	<p>TEC’s involvement with the pending establishment of Northern Rivers 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.</p> <p>A GreenGas Product is reasonable but would be purely symbolic as there is no reticulated biogas available at present.</p>	
	Tim Kelly	<p>A GreenPower Innovation Product,Not Supported, this is the role of ARENA and the CEFC</p> <p>A GreenPower Plus ProductNot Supported – No need for additional complexity, just basic reform. This is the role of the AER via EnergyMadeEasy.</p> <p>GreenPower Direct Product, allowing sale of GreenPower direct from a Generator to a customer (where this is allowed under National Electricity Law). Fully supported. A GreenPower Government Direct Product, allowing government agencies that directly fund the construction of a renewable energy facility and take possession of all LGCs generated by the facility to obtain GreenPower accreditation. Partially supported. They should do this only to the extent that incorporates a bundled electricity product. Block products stifle reform and should be dealt with via direct</p>	



Section	Submitter	Comment	Response
		<p>surrender to the Clean Energy Regulator.</p> <p>A GreenPower Limited Product associated with a specific eligible project. Supported, however there will be issues when the project is out of service. During these times the shortfall must also be from accredited GreenPower.</p> <p>A Green Gas Product Absolutely not. Fossil gas is not green. Offsets do not make it green. If an organisation wishes to buy offsets the NCOS facilitates this. The only gas projects should be biogas from waste.</p>	
Option R12	ERAA, ERM, Origin	<p>Retailers do not support the strengthening contractual obligations of retailers as it ignores the fact that there are already contractual requirements in place between Providers and customers, as well as stringent ACCC oversight on false and misleading conduct. Retailers do not believe there is a case for a contingency fund for instances where a Provider does not surrender LGCs. In these cases, either the Provider procures and surrenders the required certificates, or their accreditation is withdrawn. It is very likely that this would incentivise the Provider to surrender the required LGCs. In the unlikely event that it doesn't surrender as required, the customer would have good grounds to lodge a case with the energy ombudsman, and any compensation could be used to fund the procurement and surrender of certificates if they chose. Additional or strengthened contingency processes are not required, and would also serve to increase scheme costs for customers.</p>	<p>We agree with the argument put by several Providers that no additional contingency processes are required, as current processes are adequate.</p> <p>The need for additional data provision should be considered as part of the Marketing and Engagement Plan recommended in the Marketing section.</p>
Infigen	Supported		
NRE	<p>Do not support the options proposed. However, open to consider other options.</p> <p>If a retailer fails to provide the GreenPower promised, they</p>		



Section	Submitter	Comment	Response
		<p>should loose 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?</p> <p>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.</p>	
	Sky Farming	Supported, as Providers need to be overseen with greater authority and diligence	
	Tim Kelly	Supported - This will prevent gaps in the performance of the GreenPower Program	
Option R13	ERAA, Origin	<p>Retailers support streamlining audit process and propose a risk-rating approach (like under the RET), whereby providers are only formally audited where there is ground for their operations to be considered at high risk of non- compliance.</p> <p>Retailers do not support a sales threshold. This would result in larger Providers being targeted for additional audits and may serve to undermine the appetite for Providers to increase sales volumes.</p>	Recommendations to streamline auditing are made in the section on Program Rules
	ERM	This measure would reduce providers' compliance costs, and therefore reduce the pressure on the price of GreenPower- accredited products. We propose that a risk-rating approach is adopted, whereby providers are only formally audited where there is ground for their operations to be considered at high risk of non-compliance.	
	Hepburn Wind	Quarterly reporting and annual auditing could be replaced by a simpler process that incorporates the community energy	



Section	Submitter	Comment	Response
		projects annual audited accounts with an annual GreenPower report to reduce the administrative and financial burden for both parties.	
	NRE	Supported	
Option A1	AGL	AGL considers this the most important recommendation that must stem from the review. Without this concept to underpin the program all other aspects of the program from its aims, marketing options and product strength are diminished.	Confirming or clarifying additionality was strongly supported in submissions to the Review and, for some stakeholders, was the most important issue for the Review to address. Actions to clarify additionality are recommended in the section on Governance.
	BCC	Council does not have a strong view on the need for GreenPower to be additional to Australia’s national emission reduction targets. Council argues that it is reasonable to be contributing to Australia’s targets, but that GreenPower’s contribution should be taken into account when setting more ambitious targets.	
	CEC	Clarifying additionality is of paramount importance	
	EA	Confirmation of additionality is critical to the future of the scheme	
	ERAA, ERM, Infigen, NRE, TEC, Tim Kelly	Supported	
	Origin	This issue is beyond the control of the GreenPower scheme	
	Sky Farming	The whole point of the scheme revolves around this	
Option A2	BCC, EA, NRE	Supported	This issue does not appear to be a concern any longer and no recommendations are made on this point
	ERAA	Agreed by retailers. Considered by some retailers as no longer an issue – related to initial teething problems only.	
	ERM	A simplified surrender process would make an incremental improvement to the efficiency of our compliance processes.	



Section	Submitter	Comment	Response
		However, the cost of advocacy would need to be weighed with the benefits over the expected life of the Program.	
	Origin	The surrender process is working fine; no changes are needed.	
Option A3	AGL, EA, ERAA, ERM, Origin	Strongly opposed	This option was strongly opposed and has not been pursued
	Infigen	Support a default with a modest GreenPower component	
	NRE	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.	



C REVIEW OF GREENPOWER MARKETING AND PROMOTIONS

During this GreenPower Program Review, Republic of Everyone, a specialist sustainability communications agency, conducted a review of GreenPower's existing marketing channels and materials, in addition to a comparison of global best practice in green marketing. This Appendix is the Final Report from Republic of Everyone's Review.



ISF GREENPOWER REVIEW:

Cross-sectoral Options Workshop & final communications recommendations

Prepared by
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August 2014

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BACKGROUND

Since 2009, GreenPower customer numbers and total sales have both declined. In this new environment, the NSW Department of Trade and Investment appointed the Institute for Sustainable Futures (ISF, University of Technology, Sydney) and Republic of Everyone (ROE) to undertake a comprehensive review of GreenPower during 2014.

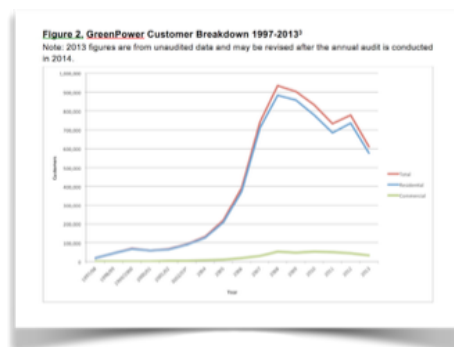
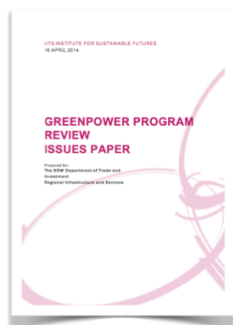
The aim of the review is to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness.

As part of the review, ISF & ROE ran a 'cross-sectoral options workshop' to help agree the direction of the GreenPower program. A number of stakeholders attended to participate and give their views. ROE ran some exercises to help identify additional communication options - adding to outputs from the focus groups earlier in the project.

This document gives communication outputs from the project as a whole and recommends key messages that will help improve GreenPower's understanding and importance in the market.

JOURNEY SO FAR

ISSUES PAPER

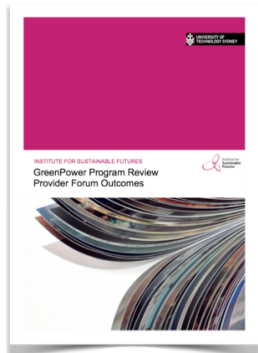


Allowed interested stakeholders a first opportunity to provide input on what issues the Review needs to consider. Developed with input from the NGPSG and an Advisory Group established for the Review including representatives from the Energy Retailers Association of Australia, Clean Energy Council, WWF, Public Interest Advocacy Centre and NSW DTI.

Some issues identified:

- Objectives are broad and may not reflect GreenPower's specific niche
- Declining customer numbers and sales
- The energy and carbon marketplace has become significantly more competitive
- Customers are confused by the GreenPower offering and turned off by rising electricity prices and the rancorous climate change debate
- The program is unusual internationally in being government-run without direct industry or stakeholder involvement in governance
- Participation in the Steering Group is declining
- Funding may not be sufficient to meet all demands on the program, such as a centralised marketing function
- Policies relating to clean energy and climate change create an unstable policy context for GreenPower
- The central marketing function is under-resourced

PROVIDER FORUM



As part of the Review, the Institute for Sustainable Futures facilitated a GreenPower Provider Forum in Melbourne on 29th May 2014. The purpose of the Forum was to give GreenPower Providers an opportunity to have input to the Review, with a particular focus on identifying issues and challenges for GreenPower, and possible options for improving the Program.

13 GreenPower Providers attended the Provider Forum.

Major sessions focused on the current status of GreenPower, the current and emerging context for the Program, the design of the Program and future directions for GreenPower.

Some program weaknesses were identified around marketing, including relevancy, clarity, and funding levels.

FOCUS GROUPS



Type	Location	Date held	No. participants
Consumers, prior and current GP customers	Melbourne	5 June 2014	8
Business, never used GP	Melbourne	5 June 2014	8
Consumers, never used GP	Sydney	12 June 2014	8
Consumers, never used GP	Brisbane	19 June 2014	6
Consumers, prior and current GP	Brisbane	19 June 2014	8
Business, prior and current GP	Sydney	24 June 2014	2

Six discussion groups with consumers or business owners/managers were held and a total of 40 participants took part in this research project, as indicated below. All groups were mixed gender, age and a variety of dwelling situations (home owners, renters, families, singles, share houses).

Key Findings:

People are confused

They don't know what GreenPower is or how it works beyond 'uses renewable energy'.

People want more information

They feel disempowered by their own confusion and lack of understanding.

Consumers crave recognition

Those that have already signed up for GreenPower feel that it is an invisible contribution they are making, that they would prefer become more visible and recognised for their sacrifice.

Businesses want to be part of a community of GreenPower users

That community could take many forms.

Key Messages:

Some key messages were discussed with participants as part of the focus groups. The most compelling ones were as follows:

All audiences:

- GreenPower is Australia's future energy source
- GreenPower helps build a sustainable economy
- GreenPower helps grow the renewable energy sector

- The more people invest in GreenPower the cheaper it becomes
- Renewable energy creates jobs
- The government is doing too little to support the renewable energy sector

Business specific:

- GreenPower is for forward thinking companies
- Join a community of like-minded businesses
- GreenPower: Helping Australia be at the forefront of the renewable energy market/economy

CROSS-SECTORAL OPTIONS WORKSHOP OUTPUTS

On 11th July, a workshop was held with multiple stakeholders to discuss and agree how the GreenPower program can move forward. Options included repositioning, rebranding, and a new product mix.

As part of the workshop ROE ran Storytelling exercises to utilise the diverse range of workshop participants to uncover communication insights. Participants were split up into two groups and asked to recount to other group members how they successfully pitch GreenPower or renewable energy to other people. Themes from the 'stories' were then discussed and grouped by participants.

These are the emergent themes on communicating GreenPower:

- GreenPower is for a cleaner future
- GreenPower brings environmental benefits
- GreenPower helps reduce emissions
- By buying GreenPower you're helping to bring long-term economic security to Australia
- GreenPower creates Australian jobs in the renewable energy sector
- You support Australian-based renewable energy projects through GreenPower
- Buying GreenPower brings business reputation benefits
- GreenPower is part of an established, competitive market
- GreenPower is government endorsed

Two additional themes were around the style of communication the groups felt were important:

- Don't 'preach' about the environment
- Keep communications simple

KEY MESSAGING RECOMMENDATION

Whilst the GreenPower program is yet to have a decision on how it will move forward (NB this could include rebranding and new products which would mean we would want to revisit the recommended messages below), the following are our recommendations on key messages for GreenPower in its current format.

These key messages are the culmination of the marketing and communication review inputs from ROE – however, the key messages identified in the focus groups and Options workshop are still relevant and can be used in relevant communication contexts.

- GreenPower. The easiest way to invest in Australian renewable energy.
- GreenPower. Helping secure the future of Australia's energy.
- GreenPower. Helping create Australian jobs in the renewable energy sector.

These are not 'campaign' lines at the moment; they are the most important messages as determined from our research. Depending on the agreed direction from this review project, to take any messages to market in the form of a campaign, we recommend and would need a brief.



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