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To
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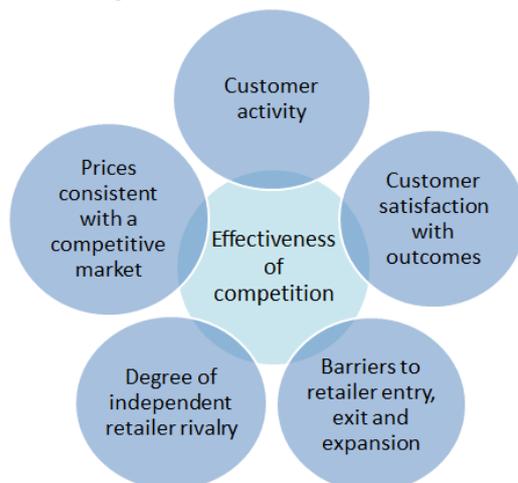
RE: 2016 Retail Competition Review

Thank you for the opportunity to provide feedback on the approach for the 2016 Retail Competition Review. I provide feedback under the questions identified in the discussion paper.

Questions on the approach

1. Is the approach described above appropriate for this year's review of competition and why?

The stated focus on considering only customers in NEM jurisdictions is contradictory to considering subsequent consideration of rivalry and alternative solution for customers that may come from outside of the grid. For this reason it would be better to refine the language of the document to reflect the issues associated with grid electricity customers in seeking the choices, products and services from both grid supplies and non-grid solutions.



In addition, The indicators proposed (shown left) don't ring true when there is zero commitment to clarity and market reforms around the basic attributes of renewable energy and how it might function for end users in a low carbon economy. It is impossible to have competition for retail renewable energy when as a whole, renewable energy use and attributes have not been defined or are legally allocated across all customers based on state averages.

There is also a need to create a workable framework that deals with different types of renewable energy including old pre 1997 built renewables, GreenPower renewables which include Large Scale Certificates, and Power Purchase Agreements which do not include Large Scale Certificates yet are still passed off as renewable purchases due to

the cover of ambiguity caused by a failure to create a comprehensive retail market framework and legislation to provide integrity for retail renewable energy.

2. Is there any new evidence about how customers are behaving in retail energy markets and what does that evidence tell us about the level of competition in those markets?

Should the AEMC take an investigative look at retail renewable energy markets and claims it would confirm a maze of confusion, double counting, poorly defined standards and guidelines, contradictory product structures and unfair pricing.

Even without such a detail investigation there are some obvious examples that reveal problems:

- **Every MWh** of GreenPower sold, double counts and incorrectly guides GreenPower customers to claim reduced emissions.
- **Reduced emissions** from every MWh of the approved Hornsdale wind farm will be legally allocated across all South Australian electricity customers under NGER, and double claimed by the ACT Government and ACT electricity consumers based on contractual purchasing in a way that is contrary to the NGER Determination (2008).
- **Renewable Energy Use** as an attribute has never been legally defined or allocated in any framework. As a consequence it is counted by many stakeholders at the same time whether by location, LGCs, GreenPower or Power Purchase Agreements without GreenPower or LGCs.
- Those paying for GreenPower are **legally allocated absolutely nothing**, yet pay the highest prices for renewables as a surcharge rather than an alternative. Under the current GreenPower framework, renewable energy will remain as a penalty above the total cost of all electricity, even where renewable energy becomes cheaper than fossil fuels. How is this fair competition?
- Because there is no comprehensive framework, Momentum Energy's SmilePower from old pre-1997 renewables operates outside of the NGER Framework, the RET Framework and the GreenPower Framework.

After approximately ten years of calling for reforms to legislation, accounting frameworks and GreenPower, it is still the case that for grid connected electricity customer to use renewable energy they actually require **on-site renewable systems**. Even these may be compromised in additionality due to the sale of small scale or large scale certificates, and the recent RET cutbacks which included voluntary renewables in the discussion around what made up 20%.

With household renewables and battery storage solutions now becoming competitive at a scale to reduce demand and place large scale generators and the electricity grid at risk, it is now time to undertake reforms to enable renewable energy to work in retail electricity markets, not merely as an altruistic donation, but as a fair and competitive electricity product which includes the attributes of **renewable use** and **reduced emissions**.

Questions on the competitive market indicators

3. What are the barriers to some customers (such as, customers that remain on standing offers) seeking out a new market offer that better suits their needs?

There is no inclusion of GreenPower Customer representation in the National GreenPower Steering Committee or in the Federal Government - National Electricity Customer Framework processes.

There are significant legal and accounting reforms necessary for GreenPower customers to be allocated the renewable energy and lower emission attributes they pay for.

There is a culture of pushback from energy sector policy makers to openly address GreenPower double counting, lack of appropriate legislation reforms, lack of fairness, and lack of ownership of the issues.

4. Is there any new evidence about what the outcomes are for customers in retail energy markets (such as their level of satisfaction with their experiences) and what does that evidence tell us about the level of competition in those markets?

The decline of GreenPower customers, particularly business customers at a time when renewable energy programs appear to be growing overseas is of concern.

5. What is the nature of any current or expected barriers to entering, exiting or expanding in any NEM jurisdictions for electricity or natural gas retailers?

No comment

6. Is there any new evidence that retailers are competing in retail energy markets on price, product and service differentiation to acquire new, and retain existing, small customers, and what does this evidence tell us about the level of competition in those markets?

No comment

Questions on the key issues for this year's review

7. What are the differences between the experiences of vulnerable customers in retail energy markets and other customers; and what do these tell us about how effectively vulnerable customers are able to participate in retail energy markets?

Vulnerable customers have even less of an opportunity to participate in on-site solar and are more likely to stay on the grid. Therefore, the structure and pricing of GreenPower makes it even harder for vulnerable customers to buy accredited renewable energy. As renewable energy generation becomes cheaper, the structure will increase in its unfairness to preclude vulnerable customers from being able to participate in reducing emissions. It should also be noted that vulnerable customers can be GreenPower customers where they consider that reducing emissions is important.

8. Is there any evidence that new products and services are currently impacting competition in retail energy markets and if so, what is that impact?

The rise of on-site renewable energy systems can be regarded as evidence that the grid based sector must do more to create products and services that will attract customers to stay on the grid.

One way to do this is to reform GreenPower so that customers with on-site renewables are attracted to grid based GreenPower that provides low emissions as well as providing additional energy security.

Without reforms to enable GreenPower to work as it is marketed, customers like me will simply move off the grid as soon as possible. If measures were to be introduced in regulation to force me to stay on the grid, I would resist these using all peaceful means of protest possible.

Kind regards



Tim Kelly

100% Accredited GreenPower Customer

Appendix: Summary of structural reforms suggested for GreenPower to work as a product.

27 March 2015

Governance

- 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.
- 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)

- The Act should be amended to describe that the following attributes are attached to Large-scale Generation Certificates for trading in GreenPower accredited electricity contracts to support the allocation to GreenPower Customers
 - Renewable Energy Use
 - Reduced greenhouse gas emissions (zero scope 2 emissions and scope 3 emissions as defined by life cycle assessment).

National Greenhouse and Energy Reporting Act (2007) and related framework and NGER Determination

- The methodology for allocating end use emissions to electricity customers should be amended to provide for contractual accounting
 - GreenPower customers should be allocated zero scope 2 emissions
 - Scope 3 emissions allocated to GreenPower customers should be related to those associated with Renewable Energy
 - Renewable energy from old pre 1997 renewable power systems should also be able to be purchased by customers for zero scope 2 emissions. This would not be GreenPower, but would establish a formal place in the market for the Momentum Energy SmilePower product and potentially for old Snowy hydro-electric power (NGER is about allocation not additionality)
 - Scope 3 emissions allocated to customers from old renewable power systems relate to those associated with old renewable energy infrastructure.
 - Grid Power emissions should relate to the residual mix of emissions after netting out the impacts of GreenPower and any other contractually based electricity sales products (as per the 2015 GHG Protocol Scope 2 Guidelines)

- In allocating the residual grid mix emissions standard electricity customers, whole grid factors should be the starting point (such as for the Eastern Australia Grid and the separate South West WA grid), with GreenPower and contractual sales netted out of this mix.

National Carbon Offset Standard

- The National Carbon Offset Standard should properly incorporate GreenPower as a way to reduce emissions associated with electricity use.

Achieving 100%

- The current 15% Renewable Power Percentage (RPP) and any old pre 97 renewables (not sold as low emission electricity) should be the recognised starting point for any GreenPower purchasing to ensure that a 100% GreenPower customer is not forced to pay for 115% renewables.

GreenPower Pricing Structures

- GreenPower pricing should be based around the cost of producing and delivering renewable electricity rather than as a penalty above standard electricity.

AER and AEMC

The AER and AEMC should recognise and support the role of GreenPower as a genuine part of the retail electricity market.

Further details in relation to GreenPower Reform are included in my submission to the GreenPower Review in March 2015.

See <http://www.greenpower.gov.au/Business-Centre/Program-Review/~media/4488FFC5C5B04BACAEA881E393F33BB8.pdf>